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CREATING THE FUTURE:

OPPORTUNITY, INNOVATION, AND GROWTH IN THE MASSACHUSETTS ECONOMY

GOVERNMENT DOCUMENTS
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CREATING OPPORTUNITY

The Miracle

In 1975, Massachusetts was in the worst economic condition she had faced since the Depression. Our Commonwealth was being called the "New Appalachia", with a frightening ring of truth. As the national recession of the early seventies bottomed out in June of 1975, statewide unemployment in Massachusetts hit a high of 12.3 percent, and 332,000 working men and women were without jobs. In our older cities, unemployment rates were even higher, and no one was investing a dime.

But Massachusetts was determined to recover and rebuild. By the fall of 1978, we had 253,000 new jobs--110,000 in 1978 alone--and the state's unemployment rate had dipped below the nation's for the first time in years. A boom period of growth and diversification was underway, bringing with it a surge that lasted into 1980 and allowed Massachusetts to ride out the national recession of 1981 and 1982 with greater resilience than virtually any of her sister states.

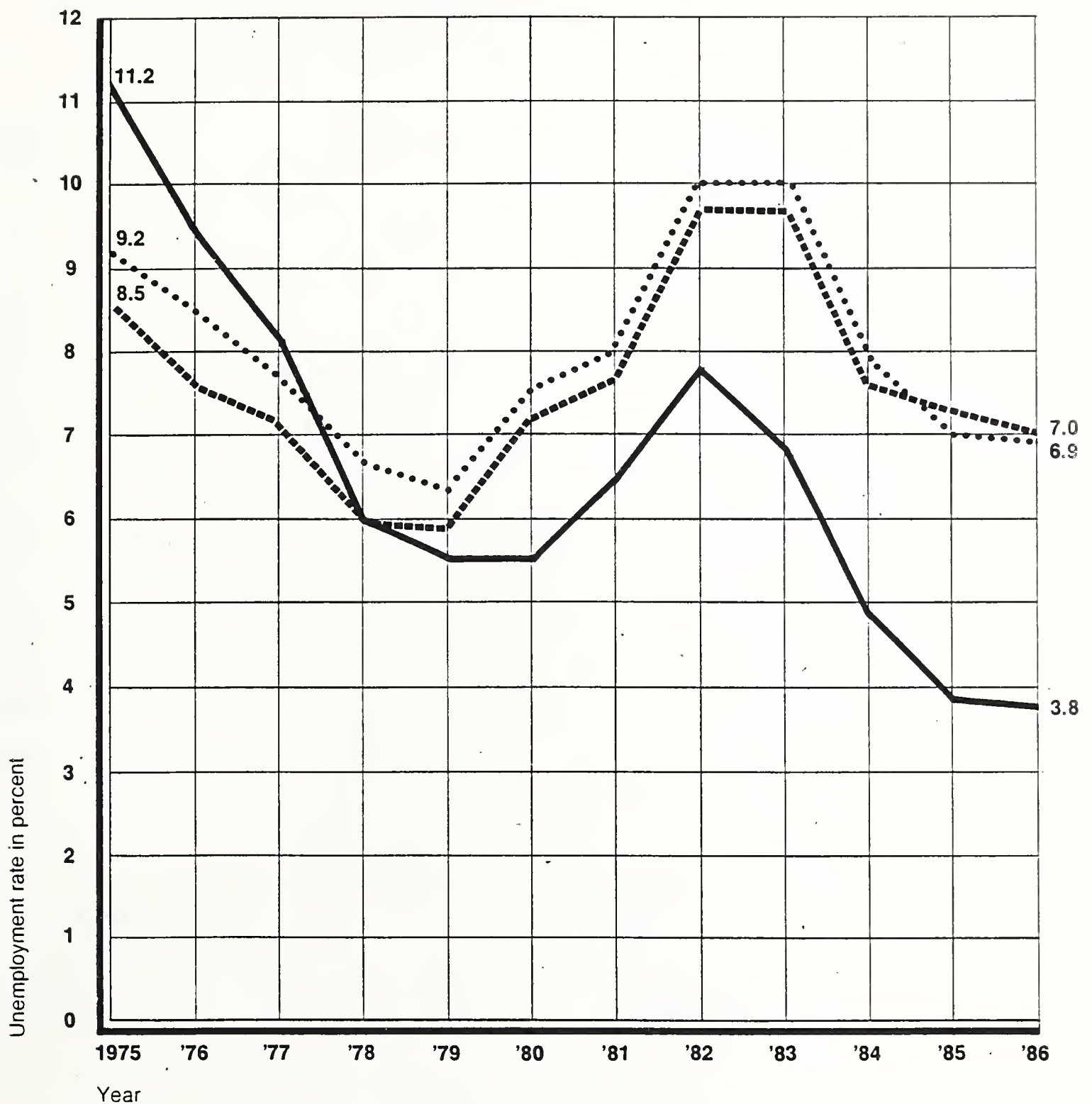
We did not escape that recession without pain. In the Spring of 1983, over 100 Massachusetts communities were suffering double-digit unemployment. But in the four years since, Massachusetts has not only bounced back a second time, but achieved a level of economic success that is the envy of America. Statewide unemployment, which stood near 8 percent in January of 1983, was 3.8 percent for 1986--the state's lowest annual unemployment rate since 1970. December, 1986, was the thirty-fourth consecutive month in which Massachusetts enjoyed the lowest unemployment rate among America's eleven major industrial states. From 1983 through 1987, our resurgent economy created over 343,000 new jobs and over 54,000 new businesses. Reinvestment in our communities and our industrial base is strong and gaining. And in the 1980's, real per capita income in Massachusetts has risen a phenomenal 75 percent. "The New Appalachia" has given way to "the Massachusetts Miracle".

What happened? Massachusetts surely benefitted from the two partial national recoveries; but national trends cannot explain our surge from way behind the national curve to way ahead of it.

Nor can any one factor like defense spending. While Massachusetts ranks fourth in the nation in prime defense contract awards, defense spending employs between 150,000 and 180,000 Bay Staters--just 5% of our work force. Moreover, our share of Pentagon spending and the share of our total job base that defense employment represents have remained virtually constant throughout the 1980s.

FROM LAST TO FIRST:

Unemployment in Massachusetts, the Major Industrial States, and the Nation, 1975-86.



— Massachusetts
- - - United States
..... 11 Major Industrial States
(Prior to 1985, 10 states, excluding North Carolina)

JOB GROWTH IN MASSACHUSETTS,
1975 TO 1986

<u>YEAR</u>	<u>Total Jobs</u>	<u>Change From Prior Years</u>
1975	2,273,000	-----
1976	2,324,000	51,000 Gain
1977	2,416,000	92,000 Gain
1978	2,526,000	110,000 Gain
1979	2,604,000	78,000 Gain
1980	2,652,000	48,000 Gain
1981	2,668,000	16,000 Gain
1982	2,638,000	30,000 Loss
1983	2,692,000	54,000 Gain
1984	2,852,000	160,000 Gain
1985	2,926,000	74,000 Gain
1986	2,981,000	55,000 Gain
Total Gain,	1975 to 1986:	703,000 jobs
Total Gain,	1982 to 1986:	343,000 jobs

As we look back over this decade of remarkable achievement, and as we look ahead to the dawn of a new century, it is clear that we created this miracle together.

The business community of Massachusetts took risks and invested their dollars. The working people of Massachusetts upheld their time-honored ethic of pride, perseverance, and excellence. Our communities reached out and embraced their future.

And the Commonwealth itself set a national standard for vision, involvement, and leadership. We had to. For while no one questions the pervasive impact of the national economy, states create much of the investment climate within their borders.

Fiscal Strength

The first requirement for economic success is fiscal strength, and we have worked hard to put our state's fiscal house in order. In 1975, Massachusetts was a financial basket case; our budget deficit of nearly \$600 million was proportionately the largest in America. Property taxes were among the highest anywhere. Our Unemployment Insurance Trust Fund was \$265 million in the hole. Yet four years later, Massachusetts had a \$200 million surplus and our fiscal condition, like our economy, was on the way back.

In 1983 Massachusetts again faced the possibility of a deficit, and again we managed our way out of it. In the four years that followed, the Commonwealth was able to cut taxes five times. The 1986 repeal of the personal income surcharge was the largest tax cut in Massachusetts history. Economic expansion helped enormously--but so did "REAP", our nationally recognized effort to enforce our tax laws and make everyone pay their fair share. REAP produced nearly \$600 million in increased revenue during its first two years of operation. In all, thanks to economic growth, strong management, and REAP, Massachusetts is now forty-second in the nation in state and local revenues as a percentage of personal income.

Our Unemployment Insurance Trust Fund now has a reserve of over \$900 million--and after three rate reductions totalling some \$200 million, Massachusetts companies are paying the third lowest unemployment taxes among all the industrial states.

Although our economic recovery was well underway by the time Proposition 2-1/2 was enacted in 1980, the reduction and stabilization of property taxes has unquestionably played a role in our continued success. But Proposition 2-1/2 could never have worked without massive new state aid to cities and towns. Guaranteeing our communities a generous and predictable share of the state's revenue growth has been an essential ingredient in creating fiscal strength, for them and for the Commonwealth. Good municipal services and reduced, stabilized property taxes are a winning combination--and not one that happened by accident.

Investing in the future: the Building Blocks

As important as fiscal strength is, it is only one of the necessary conditions for growth. As a Commonwealth, we must do more than simply cut taxes and get out of the way. We must undertake the hard work of economic development. States can and must invest in the three basic building blocks of their economies:

- o public infrastructure
- o capital formation for business and development
- o education and training for people.

Through these public investments each state can help shape an economic future that builds on its own special strengths and addresses its own special needs. But to play this role, state government needs a vision, a strategy, a commitment to activism. It must be an enthusiastic and entrepreneurial partner in building economic strength and creating economic opportunity.

In the early 1970, Massachusetts had no vision of its economic future, no strategy to get there, no commitment to act. But we changed all of that when, over a decade ago, we made up our minds as a Commonwealth to revitalize our cities and rebuild our industrial base. And to do that, we began to invest systematically in the building blocks of our own economic renewal.

- o We invested in our badly neglected economic infrastructure. We built needed highways, like I-190, the expressway from Worcester to Fitchburg; the "missing link" of I-495 in Southeastern Massachusetts; I-391, the Holyoke-Chicopee connector; and I-395, which links all of Central Massachusetts to the Connecticut Turnpike. We began a two-billion dollar expansion of the MBTA's transit and commuter rail systems. We joined the state's private railroads in beginning a sweeping upgrade of our rail freight network. And we launched the complete modernization of the Port of Boston. We made the economic infrastructure of our cities and towns a state priority for the first time in decades. From Urban Heritage Parks to downtown streets and sidewalks to some \$350 million in local sewage treatment works, Massachusetts began the long but essential process of rebuilding what had been allowed to decay.
- o We invested in industrial and commercial growth. It was clear that if entrepreneurs were to invest in our industries and developers were to invest in our cities, Massachusetts had to help. And help we did, with a series of capital formation initiatives that have paid off handsomely. The Massachusetts

Industrial Finance Agency created in 1978, has now financed \$4 billion in growth and 76,000 new jobs. The Massachusetts Technology Development Corporation, also created in 1978, was America's first and most successful state venture capital company. Today, these two agencies head an extraordinary array of more than a dozen public financing tools designed to stimulate the kinds of private investment Massachusetts needs.

- o We invested in our people. Even a decade ago, while concentrating on the infrastructure and capital needs of an aging economy, we began new initiatives in education and training. Today, with the rebuilding of our economy well underway, our commitment to education and training has become paramount. From the country's most successful effort to bring welfare recipients into the workforce to a sweeping plan for upgrading our public colleges and universities, Massachusetts knows that our economy is only as strong as the men and women who work in it.

Today, the seeds sown over a decade of hard work have borne fruit. In the economic success of the mid-eighties we can see clearly the course we have set and the investments we have made since the mid-seventies. And in the public-private partnerships of today we can see the shape of tomorrow's economy in Massachusetts.

Creating the Future

Our fundamental economic goal is to create genuine opportunity for every citizen and every community in Massachusetts. To achieve that goal, we have committed ourselves to three economic development strategies. These strategies require continuing investments in infrastructure, capital formation, and people; and they reflect our growing understanding of what makes Massachusetts special and what makes her economy tick.

First, we must nurture the opportunity to innovate, so that our economy can renew, modernize, and diversify itself. That the Massachusetts economy has done so over the last decade reflects in no small part the teamwork that we have built among our entrepreneurs, our workers, our educators, and government. It is essential that we maintain and expand that teamwork if Massachusetts is to stay at the cutting edge of economic change.

- o We are helping to modernize and retool our mature industrial base, as companies and workers save thousands of jobs at General Motors in Framingham, Ocean Spray in Lakeville, Diamond International in Palmer, Cabot Stains in Newburyport, Sprague Electric in North Adams, and dozens of other plants. From new programs at the Massachusetts Industrial Finance Agency, to an Industrial Services Program that helps older companies rebuild and reorganize, to special Action Projects for our machine and needle trades, we are determined to make our older industries and their employees a vital part of this state's economic future.

- o We are helping a generation of Massachusetts entrepreneurs develop new technologies and bring them to market. From our unique state venture capital company, the Massachusetts Technology Development Corporation, to our five Centers of Excellence, we have established working partnerships with companies producing software, photovoltaic cells, biomedical instruments, and other innovative new products.
- o We are building an education and training system second to none. We have redesigned our job training network, expanded the Bay State Skills Corporation, and forged new partnerships between expanding industries and working people. In 1985, the legislature enacted a historic and sweeping reform of elementary and secondary education. Over the past decade Massachusetts has led the nation in increased state support for public higher education, and in the past three years we have quadrupled state support for scholarships. In 1987, we will launch a seven-year, \$954 million modernization of our state college and university campuses.
- o We are determined that the spirit of innovation and creativity will flourish in Massachusetts. After a year of learning from and with entrepreneurs, reseachers, educators, and labor leaders, we have embarked on an ambitious agenda of new ideas: a network of small business incubators, specialized marketing support for our new growth industries, a new Center of Excellence in applied technology and productivity, customized job recruitment and training in every region of the Commonwealth, and state support for innovative R&D by small businesses.

Second, we must make opportunity for every citizen and every community a reality. We have to work for new jobs in Roxbury and Northern Berkshire County and downtown Lawrence. We have to work for affordable housing when the average home in Greater Boston costs \$165,000. The Commonwealth must lend a hand to men and women who need daycare, training, and jobs if they are to leave welfare and provide a better life for their children. By reaching out to include all people and all regions in the state's economic success, we increase the capacity of the statewide economy to grow.

- o We are concentrating both public and private investments on our "Targets for Opportunity"--those communities and regions that have been chronically depressed for years and are now coming back strong. In just one place--Taunton's Myles Standish Industrial Park--we have helped bring 33 companies and over 3000 new jobs to the economy of Southeastern Massachusetts. In Boston's Southwest Corridor, we have begun the most massive neighborhood development initiative in the state's history. Unemployment rates in our "Target" areas are coming down, and confidence in their economic future is going up.

- o We are fulfilling the decade-old dream of a state whose older downtowns are thriving centers of community and economic life once again. Since 1983 we have opened six new Heritage State Parks, invested tens of millions of public dollars, and attracted hundreds of millions in private investment to the older urban centers of Massachusetts. From Boston to Lowell to Springfield, downtown revitalization in Massachusetts is a model for the nation.
- o Through the Massachusetts Housing Partnership we are doing more to create affordable housing than any other state in the country. We have funded over one half billion dollars of new public housing --some 6000 units. In just three years a pioneering new program called "SHARP" has launched a half billion dollars of private, mixed-income rental housing, representing nearly 8000 units. We are finding ways to make decent housing affordable for moderate-income, first-time home buyers, and have set a goal of 15,000 such units in the next four years.
- o We are working to bring down the barriers that keep too many of our people from participating in the Massachusetts success story. Our nationally-recognized "ET" program has helped over 30,000 former recipients of public assistance move from welfare to good jobs at over 8000 Massachusetts companies. The Governor's Daycare Partnership is expanding dramatically the child-care opportunities available to working families. And we are determined to do much more. Teen pregnancy, school dropouts, adult illiteracy, drug dependency, the failure of child support--these are the barriers to opportunity that we must bring down, totally and permanently.

Third, we must preserve the opportunity to grow. We must protect our land and water resources from overdevelopment and from the toxic byproducts of economic success. We must work together to plan for the next century of life on the Massachusetts seacoast. We must build a balanced and visionary transportation system for tomorrow. And we must take pride in a state that record numbers of her own citizens and people from around the world are coming to visit and enjoy.

- o We are protecting our land and water. We have undertaken the largest program of open space and farmland preservation in the history of this state, and matched it with historic new protections for wetlands. With eight new environmental protection laws on the books, we are cleaning up Boston Harbor, preserving water resources across Massachusetts, curtailing acid rain, and imposing tough new penalties on polluters. Massachusetts enacted a state superfund in 1983, and our state leads the nation in converting trash into energy. We have set 1987 as the year in which we must win passage of comprehensive, long-term solutions to the challenging problems of solid waste, hazardous waste, and low-level radioactive waste.

- o We have launched a new era of planning and investing in our seacoast. We want our children to inherit a Massachusetts coastline that provides maritime industry, economic opportunity, public access, affordable housing, and protection for a fragile and precious ecology. From Boston Harbor to Cape Cod, these four years have brought a new and comprehensive approach to shaping that future and an unprecedented commitment of state investment to make it happen.
- o We are planning and building a metropolitan transportation system for the twenty-first century. The \$3 billion Central Artery - Third Harbor Tunnel - Seaport Access Road project will tie together the region's financial center, seaport, and airport, while relieving traffic congestion on local streets. The \$2 billion expansion of the MBTA transit system, which we began a decade ago, is nearing completion and is already beginning to shape a generation of development. We are rebuilding the region's rail passenger network and are determined to restore the Old Colony Railroad between Boston and the communities to her south as a modern and efficient part of that network. And we are committed to high-speed rail service between Boston and New York.
- o Tourism is our second-ranking industry, and we have made it the state priority it has long deserved to be. In just three years, the "Spirit of Massachusetts" campaign has brought hundreds of thousands of visitors to the Commonwealth. With a single, major state investment--the renovation and enlargement of the Hynes Convention Center--we will transform Boston from the fifteenth convention market in America to the fifth. And from Boston's new World Trade Center to the historic Blackstone River Canal, from a new Convention Center in Worcester's historic Union Station to our planned four-seasons resort at Mount Greylock, we are making Massachusetts the place America comes home to.

THE OPPORTUNITY TO INNOVATE

For three centuries, Massachusetts has been at the cutting edge of industrial change and growth. The spirit of innovation has always driven the Massachusetts economy, from ships to shoes to computers to solar cells.

The world may identify Massachusetts with "high technology", but in reality ours is a much richer and more diverse economic tapestry. True, our mainstream computer and electronics industries employ over 200,000 Bay Staters and have created nearly 100,000 new jobs in the past decade--a fundamental contribution to this state's recovery and prosperity.

Yet "high tech", by this definition, represents today barely one-eighth of our economic base. Two-thirds of our workforce, by comparison, is employed in the fast-growing service sector. And of the one-third engaged in manufacturing and agriculture, sixty percent work in so-called "mature industries".

Does this mean that most of our economic base is heading toward obsolescence? Surely not--for Massachusetts is not only a "high tech" state but a "high innovation" state as well. And that vital spirit of innovation extends across all sectors of our economy, linking the products and technologies of our high-tech industries with the changing needs of our service and manufacturing companies. In fact, during these past four years, the Commonwealth has tried to strengthen both its mature industries and its new technologies, and we have learned that the distinction between the two is becoming ever more blurred.

Not all companies are willing or able to change and grow. Not all men and women with good ideas are ready to invest the time or take the risk to try bringing them to the marketplace. But in Massachusetts, many companies, many workers, and many individual inventors and entrepreneurs are ready, willing, and able to create the future.

Starting in the fall of 1985, Governor Dukakis visited 45 places where innovation is happening in Massachusetts. Located in every corner of the state, they included fledgling companies making things no one had heard of a decade ago--and established companies using new technologies to make cranberry juice and gas turbines. They included job training centers that recognize the new challenges facing workers in an economy based on rapidly evolving knowledge--and research laboratories where that knowledge is being developed.

These visits strengthened our belief that while innovation is uniquely the product of the individuals and organizations that create it, the Commonwealth can and must play a role.

We can help companies new and old whose creativity will make a difference for our economy.

We can forge new partnerships among business, our academic community, and government to foster innovative technologies and bring them to market.

We can bring business, labor, and education together to equip our workforce for the jobs of tomorrow.

And we can invest in our schools and colleges, whose three centuries of excellence is perhaps the singular reason for our heritage of industry, creativity, and growth.

Renewing Our Industrial Base

In June of 1983, Governor Dukakis appointed a 38-member Commission on the Future of Mature Industries. The Commission was co-chaired by the Chancellor of the University of Massachusetts, the Secretary-Treasurer of the Massachusetts AFL-CIO, and a successful shoe manufacturer from Fitchburg. The Commission's title reflected a deep concern: it was essential that the mature industrial base of the Commonwealth have a future. Not only does that base represent sixty percent of our manufacturing workforce, but in the older industrial regions of Massachusetts, where high technology has yet to become a major force, traditional industries are even more central in the fabric of economic, community, and family life.

The long-term shakeout of older manufacturing industries and the usual process of losing individual companies were exacerbated by the recession of 1981-82. So was the trend of losing old-line Massachusetts firms to new conglomerate owners who were unwilling to ride out the tough times. The link between double-digit unemployment in regions like Southeastern Massachusetts and the Northern Tier and the troubled conditions of our older industries was obvious.

A mounting debate over proposed plant closing legislation was threatening to obscure the broader and deeper issues: how could our mature industrial base secure a productive future, how much erosion was an inevitable part of economic change, and how could the state help companies and workers deal with both sides of that equation?

Manufacturing as a whole has undergone a decade of ups and downs in Massachusetts. In the recovery years following the end of the recession in 1975, our state's manufacturers in both the mature and high-tech sectors added some 100,000 jobs. Manufacturing grew as recently as 1984 and 1985. But since then over 50,000 manufacturing jobs have been lost, as both our computer industry and our traditional manufacturing base felt the effects of the strong dollar and the national trade imbalance.

Economic forecasters predict at least a partial recapture of manufacturing jobs in Massachusetts over the next seven years. But we must work together to lay the groundwork among our companies and the people who work there.

Investing in Industry: MIFA

The state's involvement in industrial modernization began in 1978, with the legislation that created the Massachusetts Industrial Finance Agency. "MIFA" is a centralized clearing house for the marketing, issuance, insurance, and approval of industrial revenue bonds. Prior to 1978, the use of IRB's in Massachusetts had been local and sparse. MIFA has changed that--with \$4 billion worth of financing, creating or retaining over 75,000 jobs, in just eight years.

MIFA financing has been the principal public ingredient in the modernization of industrial plant and equipment. Seventy-five percent of its tax-exempt mortgages have helped small businesses with annual sales of \$20 million or less; nearly half have helped companies with annual sales of \$5 million or less. Over half of MIFA's loans have benefited firms in traditional industries, and over one-third have involved companies founded before 1950. With changes in federal tax law making IRB financing a scarcer resource, MIFA has responded by targeting its loan approvals to smaller companies in areas of relatively high unemployment.

In the last three years MIFA has also added two new programs of particular value to our state's mature industrial base.

- o The Guaranteed Loan Program enables MIFA to make direct pooled loans, at tax-exempt, fixed rates, to firms that would otherwise be too small or too risky to use IRB's.
- o MIFA also acts as the major originator of industrial plant and equipment loans for the Thrift Institutions Fund for Economic Development, a \$100 million flexible loan pool funded by the state's savings banks.

Equally important, MIFA is taking the lead in the development of taxable IRB's--a tool that could be as valuable over the next decade as the traditional tax-exempt bonds have been since 1978.

A New Agenda

Barely one year after its formation, the Commission on the Future of Mature Industries issued a comprehensive report, and the Massachusetts Legislature enacted its principal recommendations into law. The Commission learned that mature industries in Massachusetts fit none of the common stereotypes. All over the state we found companies and workers making investments, taking risks, modernizing plant and equipment, building viable futures. We found other companies with viable markets and the will to invest but unable to put it all together without some extra help. And we found other companies for which changing markets, overseas competition, a failure of will, or all three seemed to point inevitably to a demise.

With passage of the Mature Industries Act of 1984, we began a new approach to those challenges.

- o To help companies through periods of opportunity or crisis, we created the Massachusetts Industrial Services Program. The ISP is a "one-stop shopping center" which coordinates the wide variety of financial and technical help available from federal, state, local, and private sources. In less than two years of operation, the ISP has helped over 115 industrial firms with technical assistance and financial packages.

- o To nail down the most difficult and important financing challenges, the ISP has a special funding tool of its own--the Economic Stabilization Trust. The Trust usually puts the last, most flexible and most pivotal money into a buyout, workout, or reorganization, and for nine companies and some one thousand workers, it has made the difference.
- o To cope with the inevitable loss of some companies, the Act provides an effective and thoughtful response to the plant closing issue--one which has been embraced by both business and labor.

Massachusetts law recognizes and encourages a voluntary compact by Massachusetts employers to provide at least ninety days' notice, severance, or both whenever possible and requires mandatory extension of health insurance benefits for ninety days after a closing. To the degree that notice or severance falls short of ninety days, the workers become eligible for state-funded Re-employment Assistance Benefits which supplement unemployment compensation.

Every major job loss within a region results in the opening of a Worker Assistance Center. These Centers continue to operate for as long as they are needed, and they offer dislocated workers the same kind of "one-stop" assistance the ISP extends to companies. So far, nearly 13,000 dislocated workers have enrolled in Assistance Centers. About three quarters of them are placed in new jobs, at an average of 87 percent of their old wages.

At the General Dynamics Shipyard in Quincy, over \$3 million in public and private funds have helped some 3300 laid off employees. Jointly staffed by state, company, and union personnel, the General Dynamics Worker Assistance Center has placed or retrained nearly 2000 men and women.

Some Opportunities

In 1982, the last automobile assembly plant in Massachusetts closed down--the General Motors facility in Framingham. Four thousand jobs were directly affected, with a potential ripple effect that was incalculable. This closing was a foreboding symbol, for it called into question the ability of Massachusetts to sustain a major manufacturing industry. Interestingly, the Commonwealth's own motor pool did not include GM cars from Framingham.

That is one of the many things that have changed. Senior state officials, including the Governor, met with the leadership of GM early in 1983. The United Auto Workers local and GM management worked together to create one of the best labor environments of any GM facility. One and then two shifts came back on-line, with the state visibly and enthusiastically among the plant's major fleet customers.

In 1985, GM came full circle when construction began on one of the largest industrial investments ever in Massachusetts--a \$240 million modernization of the painting and finishing process lines at Framingham.

That major investment could not have happened without the active involvement of both the Governor and the Legislature. The Commonwealth worked closely with GM to ensure that the new paint facility--designed to improve air quality around the plant--met our high standards for wetlands protection and air emissions. Most important, we engineered a difficult and complex land exchange in which GM received access to 35 acres of state property which were essential to expand its campus and accommodate the new facility.

The GM story is but one example of how Massachusetts is working to rebuild its industrial base. There are others:

- o In 1968, a disastrous fire in the town of Palmer destroyed much of industrial base of the Palmer-Ware area. These two historic mill towns are making a comeback, in 1983 the state was able to respond quickly and effectively to two challenges. In Ware, a state loan helped turn around Quabbin Wire, saving over 45 jobs and creating 30 more. And in Palmer, 300 jobs depended on the successful buyout of the local division of Diamond International, which produces egg containers. This was a new, risky, and somewhat controversial path for state government--but we took it. Thanks to our highly favorable loan terms, the new Diamond is out-performing its competitors. What would have been an economic disaster for Palmer has become a success.
- o For over 100 years, Cabot Stains of Massachusetts stood as a small, family owned enterprise that produced high quality finishes for wood products. In 1984, Cabot Stains was faced with the need to vacate its antiquated manufacturing facility in Chelsea and construct a more modern and efficient production center in order to maintain its status as an industry leader. While neighboring states moved aggressively to lure the company, Massachusetts responded by assisting in site selection, funding needed infrastructure improvements, and contributing low interest financing. Today, Cabot Stains is operating in its new headquarters and manufacturing facility in Newburyport and has doubled its production capacity.
- o Harvesting and processing the cranberry is one of this state's oldest industries. The nation's largest producer, Ocean Spray, has been expanding for several years. The reasons include the company's national leadership in aseptic containment--the highly automated, computer-driven process that packages fruit juices in soft, room-temperature containers. When Ocean Spray outgrew its plant in Plymouth, a state grant helped establish a new world headquarters on the Middleborough-Lakeville line. Like Cabot

Stains, Diamond, and so many other mature industry success stories, the resurgence of Ocean Spray is part and parcel of our strategy to revitalize the area economies in our "Targets for Opportunity."

- o General Electric is one of this state's largest private employers, with major operations in Pittsfield, Fitchburg, and Lynn. While company-wide reductions in the transformer and turbine divisions have taken a toll in Massachusetts, GE has also, in the last four years, taken significant steps to modernize and diversify in each of its principle Massachusetts plants.

At Pittsfield, where the power transformer division has experienced cyclical ups and downs for decades and is now closing, GE has built the largest private R&D facility in plastics anywhere in the Northeast. This facility represents a new and diversified GE presence in the Berkshires and has already established a strong link with the University of Massachusetts Center of Excellence in Polymers at Amherst.

At Lynn, labor and management in 1984 reached a historic agreement to develop "The Factory of the Future"--a \$75 million, highly automated process unit. The Commonwealth's commitment to improve the transportation network surrounding the GE Riverworks is an important factor in the company's long-term future.

At Fitchburg, where the 800-job downtown GE plant is a key to that city's revitalization efforts, the company has invested nearly \$40 million in new equipment and process lines--in part because the state helped solve their downtown parking problem with a new garage. While GE's consolidation of its northeast gas turbine division will have a major impact at Lynn, the Fitchburg turbine operation has in fact grown.

Creating Tomorrow's Technologies

The state cannot create new technologies, and it cannot bring them to market. It cannot systematically "pick winners". But when Massachusetts people have winning ideas and are ready to invest their time, their professional lives, and their money, the Commonwealth can help.

A first step: MTDC

In 1978, Governor Dukakis and the Legislature created the Massachusetts Technology Development Corporation. As a state-financed venture capital corporation for new technology start-ups, MTDC was a national first. Its mission was not to make "social investments". MTDC was to act like any other venture capitalist, with an eye toward a money-making portfolio built on bankable undertakings. But by accepting somewhat more marginal projected returns, MTDC--which always invests in conjunction with private venture capitalists--was designed to provide needed capital for Massachusetts entrepreneurs.

MTDC began by funding the Spire Corporation, a fledgling photovoltaics firm, in 1978. The 29 companies now in the portfolio have received \$7.4 million from MTDC--and invested 13 times that much in private funds, creating over 2000 jobs. Far more important, MTDC companies have helped produce the explosion of new products and technologies in the Massachusetts economy. In 1984, the Spire investment came full circle, when its public stock sale brought MTDC a handsome return. Other investments have since done the same, and the MTDC investment fund has been weaned of its reliance on state appropriations. Like any other venture capital company, it is reinvesting its portfolio income.

Perhaps no investment better typifies MTDC's role in the state's commitment to entrepreneurial innovation than the one it made in Interleaf. This new company makes integrated systems for composing, editing, and producing textbooks and manuals--a stunning combination of computer hardware and software capacity. Interleaf's new headquarters, from which it began shipping product in 1985, is located in East Cambridge--a square-mile beehive of innovation where more jobs were created between 1980 and 1985 than in thirteen whole states.

Interleaf was no accident. Its emergence is owed chiefly to the vision and daring of its two creators. But MTDC participated in the company's initial financing, when private sources would not undertake the entire project. And Interleaf's building was developed with state Land Bank assistance--part of a Lechmere Canal revitalization project in which the Commonwealth has financed comprehensive public improvements and helped private developers follow suit.

Developing New Products

It is not only start-up companies that develop new products. The Commission on the Future of Mature Industries uncovered a very important trend on the part of older, established companies to branch out into new product lines and new manufacturing technologies as a way of adapting to changing market conditions.

The Commission recommended, and the Legislature created, a new state agency to act as a venture capital sponsor of worthwhile new product undertakings by older Massachusetts companies. The Massachusetts Product Development Corporation began operations in 1986. It will work closely with MTDC to ensure that good opportunities to commercialize new products have access to state support.

Centers of Excellence

The development and commercialization of new technologies usually results from a critical mass of scientific and entrepreneurial talent. The presence of major academic resources is a key factor, as the post-war emergence of computer technology in eastern Massachusetts attests. If government can help catalyze that relationship, the results can be dramatic.

That is the goal of the Commonwealth's Centers of Excellence--five different efforts by state government to expand and accelerate partnerships that have already begun to take shape between our entrepreneurial and academic communities. The five technologies in question are not the only ones in which such partnerships are emerging, and there is no guarantee that all five will achieve long-term success in Massachusetts. But each has a very good chance.

A Center of Excellence is really two initiatives in one. First it is a statewide strategy to unite business, academic, and government leaders around a particular technology. Each center is guided by a tripartite Board of Directors and is designed to draw on the full range of state economic development resources. A central fund administered by the Massachusetts Centers of Excellence Corporation supports research activities for which other program resources are not available. In September of 1986, the first \$1 million in research grants was awarded to business-academic teams in biotechnology, marine sciences, and polymers. The topics ranged from growing better tomatoes to new ways of positioning satellites. A second round of research grants is now in preparation for award later in 1987.

The second part of each center is a "flagship" facility to serve as a strategic focal point. These facilities are located in five distinct geographic areas, reflecting the dispersion of academic resources and a state policy of bringing new knowledge-based industry to all parts of Massachusetts.

THE MASSACHUSETTS CENTERS OF EXCELLENCE

Polymers

UMass/Amherst
GE/Pittsfield
Monsanto

Photovoltaics

ULowell
Logan Center
128-495 Companies

Biotech

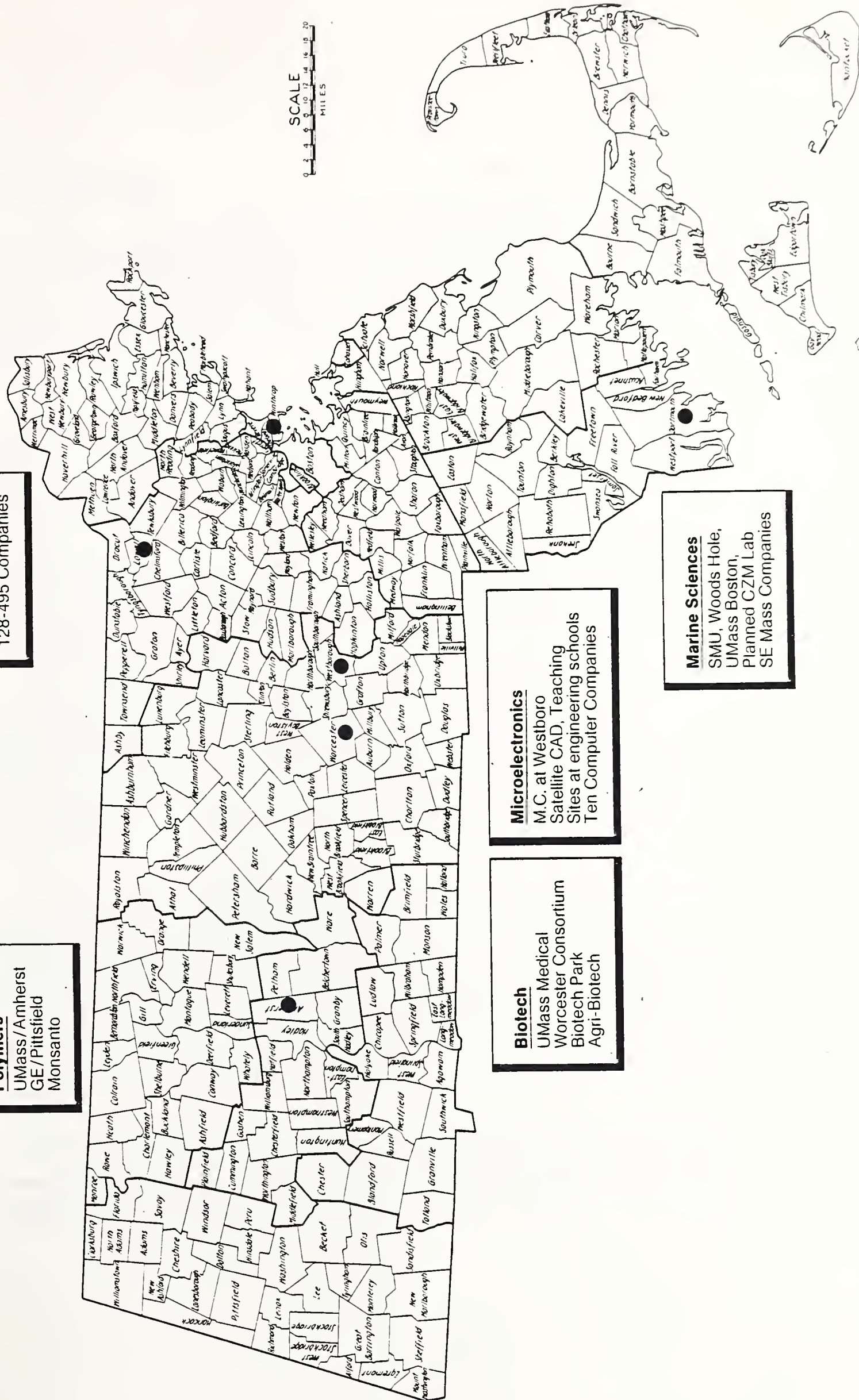
UMass Medical
Worcester Consortium
Biotech Park
Agri-Biotech

Microelectronics

M.C. at Westboro
Satellite CAD, Teaching
Sites at engineering schools
Ten Computer Companies

Marine Sciences

SMU, Woods Hole,
UMass Boston,
Planned CZM Lab
SE Mass Companies



o Microelectronics

In 1982, the Legislature created the Massachusetts Technology Park Corporation to address a major and growing issue confronting the state's computer industry. If Massachusetts is to retain its position of world leadership, its computer companies will have to compete effectively with Japan and with other states in the development of Very Large-Scale Integration technology--the next wave of semi-conductors.

This in turn required two critically important educational tasks--to train a generation of entry-level engineers in microelectronics and to retrain a generation of experienced engineers already employed in this state's principal semi-conductor firms.

None of the state's computer firms, and none of its engineering schools except perhaps MIT could afford the capital and operating costs of such an educational undertaking; moreover, to have tried would have defeated the need for teamwork and for a quantum leap of shared knowledge in this state's microelectronics community.

The Massachusetts Technology Park Corporation is a 23-member board representing state government, nine public and private engineering schools, and ten companies, including the Massachusetts industry giants--Digital, Wang, Raytheon, Data General, Analogics, Prime. Its charge was to develop a \$40 million facility for training in microelectronics engineering, dividing the cost equally between state and private industry contributions.

In 1984, the Corporation voted to locate the central teaching facility and the hub of a state-of-the-art CAD network in Westborough, on land made available by the Commonwealth. Satellite teaching labs and remote CAD stations are planned for five key regional sites, including University of Massachusetts/Amherst, the University of Lowell, and Southeastern Massachusetts University. Phase II of the plan calls for the development of a dedicated fabrication facility at the Westborough campus for the production of the "chips" designed by the Center's engineers and students.

The Massachusetts Microelectronics Center is off and running. The Commonwealth has come through with its capital and operating commitments, and the companies have raised their matching funds. Phase I was dedicated in September of 1986, and Phase II is about to enter construction.

o Biotechnology

In 1981, the business and academic leaders of Worcester had an idea--to turn 70 acres of surplus state land adjoining the University of Massachusetts Medical School into a campus park devoted to research, development, and commercialization of biomedical technologies. Worcester was already home to an important biomedical research community, and the non-profit Worcester Business Development Corporation had a proven track record in developing industrial parks.

Today the Worcester Biomedical Research Park is a reality. The necessary land disposition procedures--including legislative authorization to sell the property on favorable terms--were completed by the summer of 1983. In 1985 the Commonwealth provided the funds for a major upgrading of the city streets leading to the Park and a \$1 million grant to help fund the on-site roads and utilities.

The effort has begun to pay off. The first building was dedicated last year--and with the help of a state loan, Cambridge Biosciences, Inc., one of the state's most promising biotech firms, announced that its new headquarters would become the anchor tenant. The next major step is the development of an Innovation Center--a highly specialized shared incubation facility for small start-up ventures.

The Biotech Park will mean as many as 3000 knowledge-based jobs for Greater Worcester. But with the help of the Biotechnology Center of Excellence Board, the Worcester facility also becomes the centerpiece of a much broader strategy to make Massachusetts a world leader in biotechnology during the critical next decade of this young industry's emergence.

o Polymer Plastics

The University of Massachusetts at Amherst houses one of this country's premier teaching and research organizations in the field of polymer sciences. That it should become the centerpiece of a state strategy to promote the commercialization of advanced polymer technologies was a logical choice, particularly since Massachusetts already had a plastics industry centered in the Leominster area, the new General Electric advanced plastics research complex was under development in Pittsfield, and Monsanto's major plastics facility was in nearby Springfield.

In 1983 the Governor and Legislature committed \$6 million in capital funds for the expansion of the UMass center; this state contribution has leveraged an even larger federal match, creating a National Polymers Research Center which is now being designed.

The UMass center has already spun off one new company in Amherst and formed a close working relationship with Monsanto and GE. The Polymer Plastics Center of Excellence Board will broaden and deepen the reach of this outstanding academic resource into the plastics industry--and other industries that use plastics technologies--in Massachusetts.

o Photovoltaics

The development and production of photovoltaics cells, which convert sunlight directly into electricity, is still a small industry. But it is an industry with a potentially huge market both in America and in the developing world, where large populations and important industrial sites are isolated from electric power grids. And it is an industry in which one-third of world production, and one-half of American production, is clustered in Massachusetts.

The Massachusetts photovoltaics industry already enjoys an important R&D relationship with MIT and does not need a dedicated campus facility for product development. But the industry has identified three things it does need, and state government has responded.

Most important, our growing PV companies need state leadership and a shared facility to market their product on a world-wide basis. Using a combination of federal and state resources, the Commonwealth in 1985 opened the Photovoltaics Center at Logan Airport. Last year, the New England Electric System inaugurated a large-scale demonstration of residential PV utilization in the City of Gardner.

Second, the cluster of PV companies located northwest of Boston needs a nearby academic resource for specialized training, particularly to help service their customer base. Such a relationship is now being formed with the University of Lowell, whose president is a member of the Photovoltaics Center of Excellence Board.

Third, it is very important that individual efforts to start and expand photovoltaics companies in Massachusetts receive priority attention from state development agencies--a commitment begun with MTDC's original sponsorship of the Spire Corporation. In 1986, state financial assistance enabled the Kopin Corporation, a next-generation photovoltaics company making the transition from R&D to commercialization, to establish its headquarters facility in Taunton's Myles Standish Industrial Park.

o Marine Sciences

No area of technology more readily fits into the map of this Commonwealth's resources than that which relates to the sea. From the exploration of the oceans to the technology of cleaning polluted harbors to the development of commercial aquaculture, researchers and entrepreneurs in Massachusetts are leading the way.

Sippican Corporation is the nation's leading maker of disposable underwater sensing devices. Benthos designs and manufactures exploration vehicles like "Jason, Jr.", which gained world-wide attention with its interior video pictures of the Titanic. The Cape's New Alchemy Institute is making the cultivation of hydroponic crops a profitable business. Massachusetts institutions of higher learning play a special role. The Woods Hole Oceanographic Institute is a multi-disciplined research facility of national prominence. The University of Massachusetts Boston Harbor Campus is developing an important curriculum in marine sciences, with an emphasis on water pollution control technology.

Southeastern Massachusetts University, a centerpiece of the state's strategy for the overall revitalization of the southeast regional economy, offers a comprehensive degree program in marine engineering and is the linchpin of our effort to integrate these diverse academic and entrepreneurial resources into a Marine Sciences Center of Excellence. The Commonwealth intends to develop a major teaching and laboratory facility for an expanded coastal zone curriculum at SMU; studies to determine the best location in southeastern Massachusetts are now underway.

The Workers of Tomorrow

If innovation is the driving force in the Massachusetts economy, then we have no more important task before us than to prepare the working men and women of Massachusetts--and their children--for the challenge of an ever-more demanding economic world.

Massachusetts has an unparalleled network of educational institutions, both public and private, at all levels of instruction. Education, of course, is much more than an economic resource; this state's renewed commitment to educational excellence is at the heart of our very sense of citizenship.

The Massachusetts Education Reform Act of 1985, a new seven-year, \$954 million expansion of our public colleges and universities, and a commitment to invest more creatively in all levels of our educational system will make a difference for the Massachusetts economy of tomorrow.

Alongside our educational system is an extensive network of employment and training services which Massachusetts has reorganized and reinvigorated from top to bottom. The Bay State Skills Corporation remains a national pioneer in the creation of customized training programs.

And in all of these efforts, state government and its partners in the business, labor, and educational communities have brought Massachusetts closer to a goal we must achieve--an effective match between good jobs for our citizens and trained, skilled workers for our expanding and innovative companies.

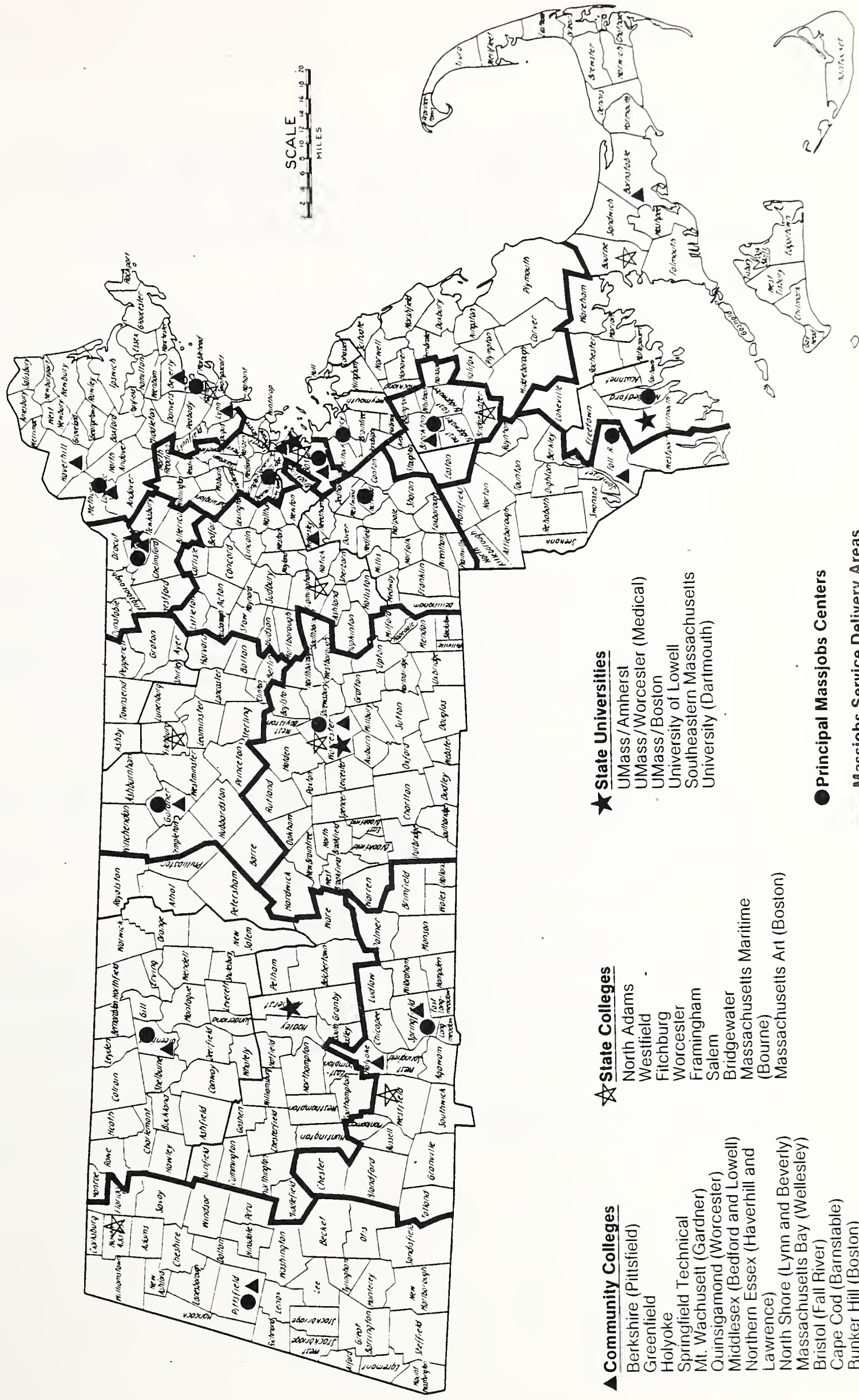
Good Schools

The Commonwealth's public elementary and secondary schools are the foundation upon which our hopes for a skilled and knowledgeable workforce rest. In 1985, the Legislature approved Chapter 188--the Commonwealth's comprehensive Education Reform Act.

The bill starts with the two most basic building blocks--our school districts and our teachers. Equal Educational Opportunity Grants address a long-standing problem--the inability of poorer communities to provide the necessary resources for a first-rate educational system. Now, districts spending less than 85 percent of the state average will receive special state aid to close the gap.

A series of new programs is making teaching an honored profession once again, one our young people can look forward to entering.

PREPARING TOMMOHROW'S WORKFORCE



SCALE
MILES
0 2 4 6 8 10 12 14 16 18 20

▲ Community Colleges

- Berkshire (Pittsfield)
- Greenfield
- Holyoke
- Springfield Technical
- Mt. Wachusett (Gardner)
- Quinsigamond (Worcester)
- Middlesex (Bedford and Lowell)
- Northern Essex (Haverhill and Lawrence)
- North Shore (Lynn and Beverly)
- Massachusetts Bay (Wellesley)
- Bristol (Fall River)
- Cape Cod (Barnstable)
- Bunker Hill (Boston)
- Roxbury (Boston)

☆ State Colleges

- North Adams
- Westfield
- Fitchburg
- Worcester
- Framingham
- Salem
- Bridgewater
- Massachusetts Maritime (Bourne)
- Massachusetts Art (Boston)

★ State Universities

- UMass/Amherst
- UMass/Worcester (Medical)
- UMass/Boston
- University of Lowell
- Southeastern Massachusetts University (Dartmouth)

● Principal Massjobs Centers

— Massjobs Service Delivery Areas

The bill encourages our schools to embrace a more rigorous, innovative, and demanding curriculum. Four different assessment and testing programs will monitor how our pupils, teachers, administrators, and entire districts are performing on a regular basis. Educational Technology Grants will fund a strong effort in computer and technological literacy--an obvious need if our state is to maintain its edge in the world's knowledge-based economy.

And local school improvement councils in every school of every district in Massachusetts are involving parents, principals, teachers, and students in the exciting process of introducing innovative new projects, equipment, and ideas to the school day.

Higher Education

As much as any other resource, our colleges and universities make Massachusetts a leader in the world economy. And a first-rate system of public higher education is an integral part of that resource.

The base is there, in 27 institutions that range from the state university campuses at Amherst, Boston, and Worcester, to regional universities in Lowell and Southeastern Massachusetts, to a half-dozen four-year state colleges, to specialized Maritime and Arts schools, to fifteen two-year community colleges serving every portion of the state. Enrollments in the state system have quintupled in the last 25 years. More than 60 percent of our state's residents who attend college are enrolled in a Massachusetts public college or university.

In February of 1987, Governor Dukakis announced a seven-year, \$954 million capital plan to modernize, expand and upgrade the public colleges and universities of Massachusetts. New campuses in Lowell and Lawrence will join the ones we have already built in Lynn and Roxbury as centers of regional and community growth. New laboratories and computer systems will reinvigorate the entire system.

Meanwhile, in the last four years Massachusetts has increased its financial support for public higher education by a greater percentage than any other state in the nation.

We have increased faculty salaries by an average of 27 percent; today, salaries at the University of Massachusetts are in the top ten percent of faculty salaries nationwide.

We have quadrupled state scholarship assistance from \$19 million in 1982 to \$75 million in 1986--to ensure that the door of opportunity is open to all our students.

And in the fall of 1986, Governor Dukakis proposed a bold new step to open that door even wider. Under the proposed College Opportunity Investment Fund, parents over a number of years would invest dollars that would be credited against their children's tuition--at a rate guaranteed at the opening of the account.

MassJobs

In 1983, Massachusetts, like other states, began implementing the federal Job Training Partnership Act. This new law promotes three important goals: special attention to the disadvantaged and hard-to-employ; a better match of publicly assisted training programs to real-world business needs; and much stronger coordination of the many employment, training, referral, and related services that the average citizen in search of better skills and a good job encounters.

JTPA put the states more firmly in charge of the new system, cut back federal support significantly, and left the work of designing the actual network of "job training partnerships" to the imagination and creativity of the nation's governors.

By the spring of 1983, the Massachusetts employment system had been reorganized into fifteen Service Delivery Areas based on well-understood metropolitan and regional economies. In each of these areas, a team of business, labor, education, and social service leaders has been recruited to the policy-making boards known under JTPA as Private Industry Councils.

We have encouraged our Private Industry Councils to reach well beyond their federal role as policy-makers for job training. A true employment policy is the bridge between economic development, on the one hand, and human development, on the other. With the encouragement and financial support of the Commonwealth, regional partnerships have sprung up between business and labor, businesses and public schools, businesses and day care providers, and in the dramatic success of our "ET" program for welfare recipients, businesses and the entire social services community.

We have made our employment service, our public colleges, and our excellent regional vocational-technical schools full partners in the Massachusetts employment and training system. And we are transforming that system into "Mass Jobs"--a single, unified campaign to ensure that the men and women who need job training and placement, and the businesses that need trained workers, know what Massachusetts has to offer.

Customized Training

Many of the training services supported by state and federal funds are focused on the employment needs of people who face special barriers to finding work--welfare recipients, high-school drop-outs, older workers dislocated by

plant closings, and others. A central objective of the MassJobs system is to make sure that these people are trained for jobs that area businesses really need, and to place them in those jobs once they are trained.

But there is another side of the training issue--the demand side. Innovative companies must be able to reach out and tailor a recruitment and training package that will get them the people they need when they need them. Such customized training programs must be able to reach potential workers regardless of their economic status, and must be able, in some cases, to help the company retrain its existing workforce as well.

In 1981, Massachusetts established the Bay State Skills Corporation to provide the public link in employer-initiated training programs. Typical Bay State Skills projects are initiated by a single company or by a regional group of companies with similar employee needs. The actual training services are delivered by an existing provider--a community college, a vocational-technical school, a MassJobs training center or contractor. The companies and Bay State Skills share the cost. The individual programs start up quickly and run only as long as they are needed.

But even with Bay State Skills, we have a major challenge ahead of us. We should be able to offer innovative employers the ability to tailor a top-to-bottom worker recruitment and training package to their needs. Such a package might easily involve not only Bay State Skills, but the recruitment of entry-level workers from the MassJobs training and referral system, daycare and transportation for trainees, and the establishment of a special on-going relationship with the nearest state or community college.

In 1984, Governor Dukakis appointed fifteen leaders of industry, education, labor, and local government to "SEMTECH"--the Southeastern Massachusetts Technology Development Commission. He asked the SEMTECH commissioners how the Commonwealth could best stimulate the expansion of technology-based industry in this older industrial region. They recommended a flexible, customized training program to serve all of Southeastern Massachusetts.

The response is "MassJobs Southeast". Unveiled in 1986, this initiative combines heightened coordination of all employment, education, and training resources in the region with a special \$1 million fund which will ensure that no worthwhile company's employment needs fall through the cracks--and that no worker misses an opportunity he or she should have found.

MassJobs Southeast is a pilot initiative. If it works, as we expect it will, we will take it to every region of the state.

The Spirit of Innovation: A New Agenda

In January, 1986, the Governor convened a State House Conference on Innovation and appointed an advisory committee of business, labor, and academic leaders to help bring together the lessons learned during the year. When this committee reported to the Governor in September of 1986, they had come to three basic conclusions.

First, the spirit of innovation is even more real, more alive, more pervasive a force in this state's economy than we had recognized.

Second, Massachusetts' overall approach to industrial development--and particularly the efforts already underway through MTDC and the Centers of Excellence--has already made us a national leader in state support for innovation.

Third, we don't have all the answers. We could be doing more, and the committee's report--along with the knowledge gained in our 45 visits and the State House conference--point the way toward some major new initiatives. In 1987, the effort to implement this new agenda will begin.

o Center for Applied Technology and Productivity

The advisory committee recommended the creation of a new and different center of excellence--a Center for Applied Technology and Productivity. Unlike our other centers, which focus on developing new products for the marketplace, a center for applied technology would help Massachusetts industries make traditional products in new, more competitive ways, while dealing with the very real human issues that change often brings.

No state is more suited to this marriage than Massachusetts, for in addition to our thousands of vibrant and creative manufacturing firms, we have a growing number of companies that create the very production technologies we are talking about --Automated Assemblies in Clinton, Automatix in Bedford, Aeonics in Billerica, the new Gould Company headquarters in North Andover, and others.

A Center for Applied Technology and Productivity would be a kind of industrial greenhouse, where our best engineers develop new production technologies--many of them computer driven and highly automated--and tailor them for the shop floors of Massachusetts industry.

The Center would promote a new and strong relationship among our schools of engineering, our mature manufacturers, and the leading makers of new process technologies, especially those that are Massachusetts companies.

Most important of all, the Center would be a place where management and labor, the people who run our factories and the people who work in them, can come together to exchange ideas, hammer out details and plan together the modernization of this state's mature industries.

o Incubators

The advisory committee recommended that we create a network of industrial incubators across Massachusetts. An incubator is a building in which a number of fledgling businesses pay modest rents and share central services like bookkeeping, photocopying, and secretarial support. It is, quite simply, a place for an enterprising man or woman to start a business.

In a community or a region where economic growth still needs a boost, a successful incubator can make an important difference --because if there is one thing we know about the economy of a state like ours, it is that most new jobs are created when small, local businesses take root and grow.

In 1986 a special legislative commission delivered a proposal for a pilot Massachusetts incubator program. The Commonwealth will create at least four publicly-financed incubators in areas that need economic help--our Targets for Opportunity. Some or all of these incubators could have a special product focus--an incubator for wood products companies in the Gardner-Athol area, for example. The Massachusetts Technology Development Corporation, the Massachusetts Small Business Development Centers, and other state business finance and support agencies would make a special effort to serve companies in these incubator facilities, and there would be special incubator funds to help seed new companies and to market the goods or services they produce.

Once a small business is able to move on to larger and more conventional quarters, another fledgling entry will be there to take its place. A well-run network of incubators is clearly one way to help build a stronger economy in every region of this Commonwealth.

o "Buy Massachusetts"

A third new initiative involves the marketing of this state's products. Much has already been done to promote the export of Massachusetts goods and services. We've created this state's first Office for International Trade and Investment, continued the growth of export operations through Logan Airport, and turned around the fortunes of Boston's seaport. Through an expanded

Hynes Convention Center and Boston's new World Trade Center, we will increase significantly the opportunity for Massachusetts business to find its place in a world market.

But if Florida can use the state's resources and prestige to promote orange juice, then why can't Massachusetts do the same for industries that represent our state every bit as well? The opportunity for this kind of promotion is very broad, especially if particular industries and the Commonwealth split the cost of the program.

Massachusetts apple growers are a good candidate. So is our machine tool industry--a group that has lost many companies to overseas competition, but whose remaining companies and workers produce goods of unmatched quality.

The most obvious candidate of all is the Massachusetts software industry, which in the last year has organized itself, examined its own needs, and concluded that if there is one thing state government can really do for them, it is to help put together an industry-wide marketing campaign which will tell the world that if you want the best software, and the most capable software people to deal with, buy Massachusetts. In 1987, the Commonwealth and the Massachusetts Software Council will launch this pilot marketing effort.

o Closing An R&D Gap

Fourth on the list of the committee's recommendations is an expanded state role in research, development and commercialization of new products. Between the Massachusetts Technology Development Corporation, the Centers of Excellence and the Massachusetts Product Development Corporation, we are already way ahead of most states.

Alongside our state programs is an important federal program called "Small Business Innovation Research," in which small companies throughout the country compete for federal R&D funds. It should come as no surprise to anyone that the Massachusetts small business community currently receives fully 10 percent of the national total.

This program is so competitive, however, that many Massachusetts companies who meet the federal guidelines simply don't win federal dollars. Others win basic R&D funding but can't finance the transition into the commercial phase.

The Commonwealth can help. Extra state financial support for small business in either of these situations represents the best kind of investment this state can make--an investment in the future of private sector innovation.

o Business Taxes

Until 1986 the Massachusetts tax code did not recognize Subchapter S corporations. As a result, the Subchapter S mechanism--a powerful incentive for an entrepreneur or group of entrepreneurs to take the pivotal step of incorporating a new business--was diluted in Massachusetts.

Last summer Governor Dukakis filed legislation to bring the state's treatment of Subchapter S firms in line with federal law. The Advisory Committee on Innovation endorsed this step as the single most important tax change available to the Commonwealth to stimulate the formation and early growth of small business. The Legislature approved this recommendation in October of 1986.

OPPORTUNITY FOR EVERYONE

State government can and must invest in economic innovation, because only through innovation will the Massachusetts economy continue to grow. And that growth is essential if we are to translate our state's overall economic strength into genuine opportunity for every citizen, every family, every community, in every region of Massachusetts.

The challenge is real. In 1983, opportunity for all was still a distant dream in Massachusetts. But during the last four years we have made great progress toward that dream. Its realization is now within our grasp.

Regions like Southeastern Massachusetts and the Northern Berkshires, which in 1983 still lagged far behind the state's overall economic recovery, have closed most of the gap.

City, town, and neighborhood centers--the heart and soul of our communities--have made dramatic progress toward full physical and economic revitalization.

For young families, working mothers, and the elderly, decent and affordable housing is a major challenge, but one we are meeting like no other state.

Having shown that job training, childcare, and a helping hand can bring tens of thousands of young mothers from public welfare to good jobs and self-sufficiency, we are ready to bring down other barriers that keep people from claiming their piece of the Massachusetts success story.

Finally, we have learned that when we open the doors of opportunity to every citizen in every community, we expand the economic potential of the state as a whole. Expanded opportunity not only arises from economic growth, but helps create it as well.

Targets for Opportunity

The national media may equate the Massachusetts economy with the booming growth along Route 128 and in downtown Boston. But even in a small state like ours there are regional economies that look and feel very different.

In the shadow of a resurgent downtown Boston, Roxbury and many of the city's other neighborhoods need new investment and new economic vitality.

Just outside Route 495 and barely an hour from Boston are the proud old industrial cities of Southeastern Massachusetts--where in January, 1983, unemployment approached 15 percent and plant closings were a daily fear.

For the Christmas holidays of 1984, the shopping malls of Framingham and Natick--where growth has all but swamped the highway system and unemployment was 2 percent--imported 1200 workers each day from the Athol-Orange area some 50 miles away, where unemployment in the 1981-82 recession had reached Depression levels.

There were communities and whole regions where durable and diversified economic growth had still not taken root in the early 1980s. These areas needed the special attention of state government, and that is why we decided to focus the full array of public resources and actively involve the private sector in the revitalization of these area economies. And we gave them a name--"Targets for Opportunity."

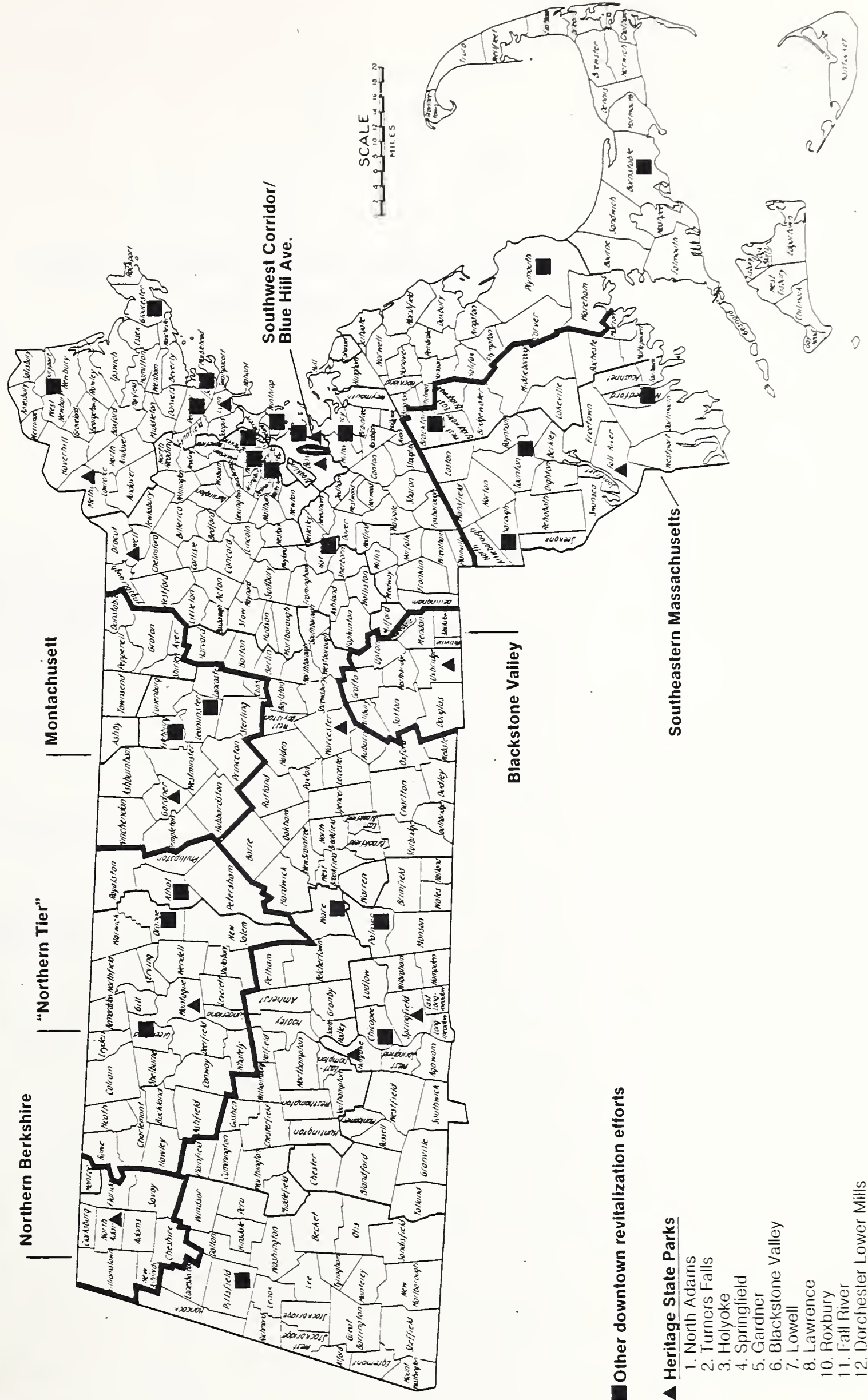
In each Target area, the Commonwealth has joined with local officials, leaders of business and labor, and educators to fashion a comprehensive strategy for economic growth. The pieces are familiar--key infrastructure investments, recruitment of industry, revitalization of major downtowns, education and training. But the scope of the effort, the commitment of state government, and the tailoring of each strategy to the unique assets of the regions in question are all very new.

Some elements of these strategies--particularly the decisions to invest in new infrastructure--go back a decade. Those investments are now paying off.

Boston's Minority Community

In May of 1987, Massachusetts made history when after a decade of construction we opened the \$743 million Southwest Corridor project--to date the largest public undertaking in the history of New England. The relocation of the Orange Line, AMTRAK inter-city, and southwest commuter rail systems represents not only an investment in better transportation but a watershed investment in the economic future of a half dozen Boston neighborhoods, including the City's principal black, Hispanic, and Chinese communities. Fifty-two acres of new parkland line the Corridor's length. A decade before

TARGETS FOR OPPORTUNITY, HERITAGE PARKS, AND MAJOR DOWNTOWN REVITALIZATION



Targets for Opportunity: The Comeback Takes Hold

Annual Unemployment Rates

<u>Target Area</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Southeastern Mass. (New Bedford, Fall River, Attleboro, Taunton, and Brockton Labor Market Areas)	9.4%	6.6%	5.6%	5.6%
Blackstone Valley (11 towns)	8.8	5.5	4.5	4.1
Northern Tier (Gardner, Athol and Franklin County LMA's)	7.8	5.7	4.6	3.9
Northern Berkshire (North Adams LMA)	8.9	6.7	6.6	5.9
Montachusett (Fitchburg-Leominster LMA)	8.8	5.5	4.5	4.5

the project would be completed, the Commonwealth helped bring new mixed-income housing and a Digital Equipment Company assembly plant to Roxbury and made a commitment to a new campus for Roxbury Community College. In 1985 we secured full funding for the college and broke ground. The \$40 million Southwest Corridor campus will admit its first students next winter, fulfilling a ten-year-old dream.

Under Mayor Raymond L. Flynn, the City of Boston has joined the Commonwealth and the community in a strong partnership to bring genuine opportunity to the people who live and work along the Corridor--through thousands of new commercial and industrial jobs, hundreds of new units of housing, equity participation by minority businesses and developers, and badly-needed training for area residents.

In a single dramatic project--the creation of a major, mixed-use complex at Parcel 18--the state and city intend to bring four thousand jobs to the Corridor. And in joining Mayor Flynn's parcel-to-parcel linkage program, we have coupled our development initiative at Parcel 18 with the City's disposition of a prime downtown development site near Chinatown. The combined development rights are worth up to \$400 million, and minority developers will hold a major share of the equity. In addition, at least 30 percent of the development services must be performed by minority businesses. Together we will forge a new set of relationships between metropolitan Boston's growing service economy and the area's minority builders, lawyers, architects, bankers, accountants, and developers.

Four miles south of Parcel 18, we are planning a second anchor project at the campus of Boston State Hospital. There the state is preparing to offer 125 acres of surplus land--the largest new development site in the recent history of metropolitan Boston--for a mix of office, industrial, and residential development.

The black community's two principal business districts, Dudley Station and Grove Hall, are each the focus of a comprehensive revitalization strategy in which state investments play a key role. At Dudley, the traditional "downtown" of Roxbury, a Heritage State Park and the reuse of the historic station terminal as a transit and retail center will set the stage for sustained private investment.

At the heart of this agenda is the Governor's Community Development Coordinating Council, a leadership group of neighborhood residents and entrepreneurs, legislators, and city officials through which the community helps shape each of the principal state investments. Our goal is not merely to employ people or to complete projects. It is to create the full measure of opportunity that comes with a strong and growing neighborhood economy.

No less important than the revitalization of our minority communities is the need to ensure that men and women of color have the opportunity to start businesses, expand them, and take their place in the Massachusetts economy. In 1984, Governor Dukakis issued Executive Order 237 which for the first time

required state agencies to do business with minority firms. Ten percent of all state construction, and five percent of state goods and services, are to be obtained from minority vendors. We are well on our way to achieving those goals. In 1986 alone, the Commonwealth signed contracts for \$111 million in state business with some 208 minority-owned companies.

State contracts are merely a means to a much more important end--a minority business community that participates fully and genuinely in the larger economy. To that end, we created in 1985 a new Assistant Secretariat of Economic Affairs for Minority Enterprise and Employment and charged its director with the creation of a comprehensive strategy. To guide the creation of that strategy, the Governor established a Commission on Minority Enterprise Development.

Southeastern Massachusetts

In 1977, the Commonwealth transferred to the City of Taunton 400 acres of surplus state land to create the Myles Standish Industrial Park--a badly-needed regional magnet for industrial growth. That same year, construction began on a long-delayed piece of the state's highway system, the so-called "missing link" of I-495. Where that highway passes through Taunton, the state designed an interchange that would ensure good access to the planned industrial park.

In 1983, that highway was open and 200 acres of Myles Standish were available for industrial use. But there were only two plants--and early that year, one of them closed. Unemployment in Taunton in the spring of 1983 was nearly 14 percent.

The Commonwealth went to work with the people of Taunton. We invested heavily in the Park's streets, sidewalks, and sewers. We promoted Myles Standish as a gateway to the abundant land and high quality workforce of Southeastern Massachusetts. And when a resurgent Massachusetts economy needed a new direction to grow, Myles Standish Industrial Park was ready.

Today, 33 new plants are open or under construction in Myles Standish. They will employ more than 3000 men and women. They range from Kopin Industries--one of our most promising new photovoltaic producers--to a new GTE plant with 800 employees. These two and many others came to Taunton with the assistance and encouragement of state government. In December 1986, unemployment in Taunton was down to 5.0 percent.

The success at Myles Standish is only part of the story. In his second week in office in January of 1983, Governor Dukakis brought his entire Development Cabinet to Southeastern Massachusetts University for an economic summit conference with leaders of the region. From that day to this, state government has worked with the region's leaders to revitalize historic downtowns, produce affordable housing, and rebuild the working waterfronts of New Bedford and Fall River.

We have attracted new industries, like AT&T's 800-job data center in Fairhaven and LTX Corporation's 100 high tech jobs in Fall River. We have helped to modernize older ones, like Ocean Spray's new world headquarters in Middleborough.

We have invested in Southeastern Massachusetts University and the region's public colleges as linchpins of a stronger and more innovative southeastern economy. Three investments stand out: The long-awaited Science Center at SMU, the Business Technology Center at Bristol Community College, the Center of Excellence in Marine Sciences. As a result of the "SEMTECH" recommendations, the region's economic and educational leaders are launching, with the state's help, a customized job training network and a technology-oriented business incubator in the Fall River Industrial Park. And through our support of the "Golden Connection"--the unprecedented alliance of the region's five Mayors--we have transformed an image of regional decline and disarray into one of resurgence and strength.

The Northern Berkshires

In Northern Berkshire County, several factors have combined to keep unemployment rates well above the state average. A regional economy based on traditional industries has yet to achieve widespread modernization, either through reinvestment in mature companies or the attraction of high technology firms. The county's two long-time leading employers, Sprague Electric in North Adams and GE in Pittsfield, have reduced their workforce. In a county heavily dependent on tourism, the Northern Berkshires have yet to establish a solid, four-season tourist economy. Downtown Adams and North Adams, the regional centers of the North County, still have major revitalization opportunities ahead of them.

In four years, however, much has changed. Most important, the spirit of Northern Berkshire and its perception by others have changed dramatically. A Governor's Task Force on Economic Revitalization has united the region's political, business, labor, and educational leadership for the first time in decades. From their work has emerged an agenda of turn-around investments that will make a difference.

A long-debated transportation improvement is finally underway: the Pittsfield Bypass and Airport Connector will create hundreds of new jobs in the nearby Central Berkshires and greatly improve highway access to the north. The sense of inevitable decline at Sprague has been reversed dramatically, with the development of modern new plants for two Sprague divisions that will keep nearly 500 jobs in North Adams for the long haul.

A regional breakthrough into new technologies is underway with the development of a National Center for Arthroscopic Surgery, a biomedical

training facility that will be a national destination for those in this specialty. And at Mount Greylock, site of the state's oldest park reservation, the Governor's Task Force has proposed and the legislature has funded the Greylock Glen project. This joint resort development by the Commonwealth and a private entrepreneur will make Northern Berkshire a year-round destination for recreation, second-home living, and major conferences. And it will do so while not only preserving the Greylock reservation from development, but enhancing the public's access to this very special state park.

In December of 1986, unemployment in Northern Berkshire County dipped to 5.4 percent. A secure regional economy, a distant goal four years ago, is closer today.

Other Target Areas

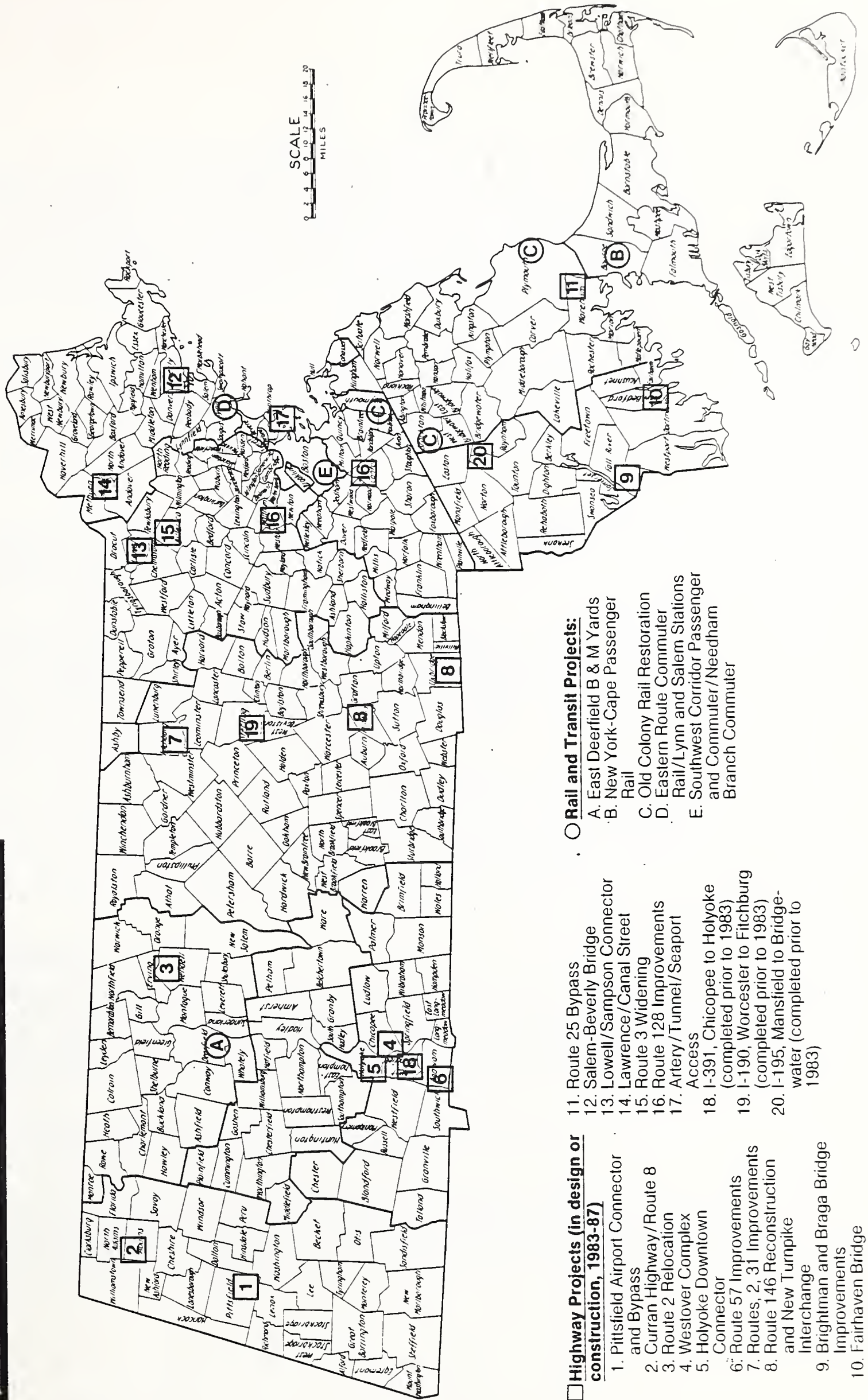
In three other regions of Massachusetts, similar strategies are underway. The Montachusett region has already begun to reap the benefits of the state's number-one highway construction priority of a decade ago --Interstate 190, the Worcester County Expressway. This roadway, which links the Fitchburg-Leominster area to the New England interstate highway grid, was begun in 1978; at the same time, related improvements were planned for key local destination roads like Route 2 and the downtown Fitchburg street system.

Today, Fitchburg's 2/31 Industrial Park--whose lack of tenants was for years a symbol of regional frustration--is full. Every company is new to Fitchburg, and the Park is home to 500 new jobs. Additional industrial parks in Fitchburg and Leominster are filling up fast, with tenants as diverse as a rice and grain company and an innovative chemical engineering firm. The area's long-time industrial mainstays--like GE and the paper companies of Fitchburg, and the plastics firms of Leominster--are receiving special state attention.

In the Blackstone Valley, eleven towns have accepted our challenge to work together through the state-assisted Blackstone Valley Regional Development Corporation and other regional institutions. The Commonwealth has undertaken a pivotal reinvestment in the area's economic infrastructure--the reconstruction of Route 146 as a safe and modern limited-access highway. In 1986, as this project neared completion, the Governor announced that a new Interchange will be built, linking Route 146 directly to the Massachusetts Turnpike--the single most important regional economic decision in the decades since the Valley's base of textile and machine industries began to erode.

At the same time, we are creating the Blackstone Valley Heritage State Park, which will highlight the Valley's river, canal, and historic town centers and establish it as an important and historic tourist destination.

INVESTING IN OPPORTUNITY: PRIORITY REGIONAL TRANSPORTATION PROJECTS, 1983-87



Finally, we are focusing our energies and resources on the Northern Tier--the Route 2 corridor from Gardner westward across Franklin County. Here, too, transportation is a primary component of the strategy; the key projects are the upgrading of Route 2 itself in the Erving-Wendell area and the modernization of the Boston & Maine Railroad's regional freight system. Closely related to those investments is the development of strategically located industrial parks in Greenfield, Orange, South Deerfield, and Gardner.

We are working hard to reverse the erosion of the region's critically important machine tool industry, through the unique Machine Trades Action Program and through investments in individual companies. The Commonwealth helped engineer a local management and worker buyout of Athol's defunct Union-Butterfield. Massachusetts helped bring Rule Industries to South Deerfield, where they took over the former Ingersoll Rand plant and are now expanding their workforce.

Similarly, we have addressed the region's historic wood products and furniture industries, blending the old with two important examples of the new--the Huntington Homes manufactured housing plant in Orange and Merillat's kitchen cabinet factory in Whately.

Like the Blackstone Valley and the Northern Berkshires, the Northern Tier has untapped potential as a New England tourism destination, and the Commonwealth is aggressively promoting an "Up-Country Massachusetts" regional tourism campaign. As the Gardner Heritage State Park began operations in 1986, planning began for a new regional Heritage State Park centered on the Connecticut River and historic Turners Falls.

In June of 1986, Governor Dukakis led a delegation of corporate executives from throughout Massachusetts on a two-day tour of development opportunities in the Northern Tier. With that event, the Governor and his Development Cabinet had personally showcased each of the regional Targets for Opportunity to expanding businesses both within and outside Massachusetts.

Financing Opportunity

The Commonwealth has made a special effort to invest in "Target for Opportunity" communities and regions. One major focus of this commitment involves public infrastructure; the accompanying map of priority projects represents over \$700 million in priority regional transportation projects outside of Boston.

No less important is the ability to deliver below-market financing to businesses and developers that can make a difference.

A prime source of financing for both capital formation and local infrastructure is the federal Urban Development Action Grant (UDAG) program, in which Massachusetts has established an unparalleled record of success. The Commonwealth has played a pivotal role in packaging and advocating UDAG

proposals for her target communities. But we have done much more--no fewer than six important state programs combine to give Massachusetts an unprecedented and unmatched ability to finance infrastructure or capital formation for the full range of industrial, commercial, and residential development in target areas:

- o The Community Development Finance Corporation (CDFC), created in 1977, provides equity, debt, and loan guarantees for projects in which local or regional community development corporations participate. From the development of housing in Lawrence to the guarantee of bank loans for a sawmill in Hampshire County, CDFC has helped local development corporations bring economic opportunity to people.
- o The Massachusetts Government Land Bank, created in 1975, provides real estate loans at tax-exempt rates or below. In 1985, the Land Bank officially adopted project selection criteria that reflect the Governor's "Target for Opportunity" priorities.
- o The Community Development Action Grant (CDAG) program provides cities and towns with state funding for infrastructure projects that directly leverage significant private investment. Since 1982, the CDAG program has made some \$50 million in awards --stimulating hundreds of millions in private investment.
- o The Economic Development Set-Aside (EDSA) program was created by Massachusetts in 1984 as a part of the federally-funded but state-administered Small Cities Community Development Block Grant. An EDSA award allows a city or town to loan funds at very low, UDAG-like rates and terms to industries or developers who require such assistance to close their deals.
- o Massachusetts is using state-assisted Urban Renewal to help Springfield develop its ambitious North End industrial park, and to help Lawrence create the site for Emerson College's new campus. This unique program will be offered for a limited additional number of high-priority projects.
- o The Thrift Institutions Fund for Economic Development was created by the Legislature in 1984. In exchange for an adjustment in the state's tax treatment of her savings banks, those banks have set up a \$100 million loan pool for hard-to-finance development projects in areas of high unemployment. The fund participates in targeted loans originated by MIFA, CDFC, the Land Bank, and the Massachusetts Business Development Corporation.

City and Town Centers

Between 1975 and 1977, 320 Massachusetts communities took some time to think about their future. The central conclusion of this first-ever effort was expressed in the title of the state's 1977 Growth Policy Report: City and Town Centers: A Program for Growth.

What communities of all sizes had to say was that their economic future, their sense of self, and their place in the fabric of the Commonwealth were bound up in the well-being of their centers--from large downtowns to neighborhood business districts to village centers.

That vision is still shaping state policy. For in city and town centers, we find the key to how private investors view a community and its region. A healthy downtown means a better chance for private investment throughout the area.

We find downtown the heart and soul of a community's character--the architectural, historic, and social landmarks around which communities can build a sustaining local economy.

We find in city and town centers an opportunity to invest our infrastructure dollars efficiently, by rebuilding and improving existing streets, parks, sewer systems, and public buildings.

And some of the people most in need of new economic opportunity--minorities, the elderly, young families, small businessmen--live or work in established city, town, and neighborhood centers.

The campaign to revitalize those centers and to make them a cornerstone of the Massachusetts economic miracle is a fundamental goal of state policy.

Investing in Centers

For decades before 1975, Massachusetts had badly neglected its city and town centers. Yet it was clear that if private investment was to save our cities from unemployment and decay, the Commonwealth would first have to join with local governments to lay the foundation.

Beginning in Lowell, we created something unheard of in America--an Urban Heritage Park program that would bring tourists back to our cities and rebuild the amenities and infrastructure that were clearly required for regional downtowns to regain their role as centers of commerce.

The Heritage Park program was in a real sense the opposite of urban renewal--rather than tearing down a city's past, we sought to recapture the riverfronts, streetscapes, and industrial heritage that make our city centers

special. More than any one could have imagined, the Heritage Park in Lowell has brought a resurgence of pride in the city's past, present, and future on the part of the people who matter most--the people who live there.

In 1978, with Lowell underway, we designated seven more regional city centers as sites for Heritage Parks. Today we are completing those parks; we are opening them to the public and we are using them to help create exciting mixed-use developments from the waterfronts of Fall River and Lynn to Springfield's ancient Court Square to the once-derelict "Western Gateway" railyards of North Adams.

In Lawrence, the new Heritage State Park is the catalyst not only for the renewal of the downtown mill, canal, and retail district, but for the development of a riverfront campus for Emerson College, whose choice of Lawrence as a new home marks a turning point in the city's effort to come back.

Five more Heritage Parks are now being planned--regional parks in the Blackstone Valley and the Northern Tier, neighborhood parks that will help revitalize the Roxbury and Lower Mills sections of Boston; and a waterfront park in New Bedford that will link that city's historic downtown to its bustling harbor.

A second key investment strategy was the Commercial Area Revitalization District (or "CARD") program. Interest rates were a serious barrier to private redevelopment efforts in older urban centers. If money for pioneering downtown projects cost the same as for conventional suburban developments, investment dollars would obviously flow to the latter. Industrial revenue bonds offered an established method of lowering interest rates on long-term debt, but their use in Massachusetts, as in most states, was restricted to industrial projects. Some states did allow IRB's to be used for commercial development--but without any geographic restriction, so that IRB's were more likely to compete with downtown revitalization than to assist it.

In 1978, Massachusetts made commercial projects eligible for IRB financing--but only in established city and town centers designated as CARD's. In the nine years since, over \$600 million of private commercial development in downtown and neighborhood business districts has been financed through IRB's. Scarcely a downtown in Massachusetts has failed to use this unique financing tool to launch the reinvestment of private capital in new construction, the reuse of historic buildings, and the creation of new jobs in the heart of town. Although federal tax reform has recently ended the use of IRB's for commercial projects, CARD projects will continue to be a state priority for taxable bonds and other creative financing techniques.

We recognized early on the economic and social importance of housing in our downtowns and the very attractive marriage that could be made between historic buildings looking for a new use and affordable housing opportunities looking for a place to happen. In 1978, we began awarding state housing funds to communities that would use them in strategic downtown locations. In 1987, we find our new program for rental housing production--the "SHARP" mortgage reduction loan--being used to revitalize landmark downtown buildings like

Gardner's Heywood-Wakefield Mill, Leominster's Whitney Carriage Factory, and Clinton's Philbin Block.

We also recognized the value of locating major state government activities downtown. A commitment that began with the decision in 1976 to build a new Registry of Motor Vehicles in downtown Worcester rather than six miles out of town has matured in 1987 into a Western State House in downtown Springfield, a campus of North Shore Community College in the heart of Lynn's downtown revitalization district, and a conscious policy of placing welfare, revenue, and employment offices in downtown buildings whenever possible.

Through specialized programs for infrastructure and capital formation, Massachusetts invests in older commercial districts more fully and more flexibly than any other state.

- o Through tens of millions of dollars in Community Development Action Grants and Public Works Economic Development Grants, we are helping cities and towns rebuild their downtown streets and sidewalks--if they can line up new commitments for private investment.
- o We are using federal transportation dollars not just to move people, but to create facilities that are part and parcel of downtown revitalization strategies--like Lawrence's Canal Street and Attleboro's renovated train station.
- o We are helping our cities absorb what is often the most costly and the most critical downtown infrastructure need--off-street parking. Since 1983 our unique program of 70 percent state grant assistance for parking facilities in CARD districts has resulted in dozens of facilities in downtowns across Massachusetts.
- o We are sharing with our historic regional cities the cost of civic and cultural centers--from a major commitment to the convention centers of Boston and Worcester to New Bedford's Zeiterion Theatre and Holyoke's Children's Museum.
- o We are helping key private developments find affordable capital. The Miller's River Professional Center in downtown Orange, Springfield's minority-owned Mid-Town Plaza, and the Barrett Block in Adams Center are testimony to the value of state financial participation in projects that help catalyze the rebirth of an older downtown or neighborhood center.

Putting it all together: Lowell and Springfield

In 1975, Lowell was the symbol for everything that was wrong with urban Massachusetts. Annual unemployment was 13 percent. There was no new investment, no new jobs, and not much hope. The once-elegant downtown was a

picture of decay. The textile mills had long since left, with nothing to take their place. Young people could not wait to leave.

This December, Lowell's unemployment rate was 5.2 percent. The decade-long comeback has produced 25,000 new jobs. Downtown Lowell is a national model for successful revitalization--not as a museum piece, but as a vital center for service, industrial, and retail businesses. Wang Laboratories has made Lowell its world headquarters and a prestigious business address, a fact reflected in other business decisions to locate in and near the city and create jobs for the people of the Merrimac Valley. The neighborhoods adjoining the downtown are coming back. Last year, some 800,000 tourists visited Lowell, Massachusetts.

The Lowell success story happened because the people of Lowell and her leaders were not afraid to dream, and because businessmen--An Wang and others--were not afraid to bet on a proud old city. But it could not have happened without state government as a full and committed partner.

The \$10 million that Massachusetts committed to the Lowell Urban Heritage State Park back in 1975 was followed by \$40 million which Congress secured for the Lowell National Urban Park; today the two park systems are thoroughly interwoven, providing attractive amenities for tourists, residents, workers, and shoppers.

With state financial help, Lowell saw some of this country's first and best conversions of downtown buildings to housing and commercial uses.

A decade ago the Commonwealth began creating a first-class regional institution of higher learning in the University of Lowell. And when other cities were demolishing their downtown high schools, Lowell and the Commonwealth collaborated to renovate and expand old Lowell High, in the heart of the Heritage Park district. Today, in the mills of downtown Lowell, we are designing new campuses for the University of Lowell and Middlesex Community College.

The state's participation in the rebuilding of Lowell's downtown core continues in other ways. We are funding two major parking garages, expanding the Heritage Park, renovating the Lowell Civic Auditorium, and building the long-awaited Sampson Connector, a scenic boulevard from the nearby superhighway into the heart of the city. In the last four years, these state commitments have helped produce the Lowell Hilton, Wang's national training center, and the renovation of the landmark Wannalancit Mills into a high-tech industrial center--all in a downtown that continues to foster quality growth and good jobs for people.

The mid-seventies were not good times for Springfield either. For three centuries the economic and governmental capital of the Connecticut Valley, the City had embarked on an ambitious but conventional program of urban renewal--

with mixed results. Some important downtown developments had occurred--among them a civic center and an in-town commercial complex--but the limitations of the urban renewal approach were plain. Gaping holes still pocked Main Street where "renewal" had brought demolition but no redevelopment. There was little relationship between new construction and the wealth of historic buildings and cultural resources still available in the downtown. And whatever economic benefits renewal brought were not yet being felt in the neighborhoods, the city as a whole, or the surrounding region. In 1975, unemployment was 12.9 percent in Springfield and 11.3 percent in Greater Springfield.

The community answered the challenge, forging a partnership between City Hall and a non-profit leadership group, Springfield Central, Inc. They created a thoughtful, visionary, and caring master plan for the rebirth of downtown Springfield. They began a decade-long mastery of UDAG and other federal revitalization programs that became a national model of how those initiatives were meant to be used.

But equally important, they turned to the Commonwealth and found an eager and committed partner. In 1987, our portfolio of state investments in downtown Springfield includes:

- o a Heritage State Park which has restored Court Square to its historic role as a center of cultural and social life for the region
- o the new Basketball Hall of Fame, a national tourist destination and a catalyst for revitalization of the riverfront
- o a Western State House, a major parking garage, and the location of the state welfare office in the old Paramount Theater--three key state investments which anchor the revitalization of the "North Blocks" district
- o CARD financing for 14 new construction and historic rehabilitation projects, representing \$52 million in private investment
- o Columbus Center, an attractive downtown garage wrapped around a theatre which has brought regional stage productions back to Springfield
- o \$5.6 million in state funds to help bring about the \$118 million Monarch Place commercial and hotel project--the largest commercial real estate development outside of Boston ever undertaken in Massachusetts. With Monarch, the rebirth of downtown Springfield has come full circle, for it was the closing of the landmark Forbes & Wallace department store on this same site in 1976 that sparked this community's public-private partnership for economic revitalization.

Downtown Springfield, like downtown Lowell, is now a national success story. It has helped drop the unemployment rate in Greater Springfield to 4 percent. Like downtown Lowell, it is the nerve center of a valley-wide reinvestment in industry and technology. And we are helping both cities translate downtown success into breakthroughs in housing and the quality of life in nearby neighborhoods.

The Massachusetts Housing Partnership

Decent and affordable housing is an indispensable part of the American Dream. Creating it is one of the principal development challenges we face in Massachusetts. The human need is compelling. Because the cost of producing a unit of housing grew far faster than the purchasing power of most Bay Staters, the housing industry in Massachusetts, over the decade from 1975 to 1985, produced only about 20,000 units per year. We need 40,000. And while housing starts are now up, the average purchase price of a single-family home in Greater Boston has doubled since 1983, to over \$170,000.

Fortunately we in Massachusetts believe that owning one's own home or living in a decent, affordable apartment is part and parcel of what genuine economic opportunity means. We have already taken the national lead among all the states in new housing initiatives, and we intend to do even more. Why is affordable housing so important?

With housing becoming less affordable for everyone, the poor, the elderly, the disabled, and minorities have an especially hard time. But now we find more and more young working families who cannot afford housing in the communities where they grew up.

Residential construction and rehabilitation are major ingredients in the revitalization of "Targets for Opportunity" and older downtowns, especially where key buildings and lots lie vacant. Now, however, even prosperous communities need to build more affordable housing so that the people who work in a growing economy can live nearby.

In response to these concerns, the Governor in 1985 created the Massachusetts Housing Partnership, a distinguished board of 40 public and private members providing overall policy guidance and expertise to the Commonwealth. The Partnership has quickly become an institution.

Far more than a single program or even an overall policy, the Partnership is a full-scale mobilization of economic resources and political will. The Partnership is not only a statewide alliance, important as that is. It is a family of local alliances for decent, affordable housing.

Some 74 cities and towns have already secured designations as "Massachusetts Housing Partnership Communities"--recognition that a solid and creative housing agenda is in place and that the full array of state housing resources will be brought to bear. Governor Dukakis and Mayor Flynn announced Boston's designation in 1986, and with it an anticipated \$71 million state commitment for affordable housing.

Affordable housing in Massachusetts means three things: public housing, mixed-income rental housing, and affordable home ownership. In the face of the virtual abandonment by Washington of a national commitment to affordable

housing in America, all of these three present formidable challenges. The role of the Massachusetts Housing Partnership in addressing each of them is described below.

Public Housing

Less than half a dozen states have their own public housing programs. In many states, public housing suffers from its association with the large, high-density developments of the past. But in Massachusetts we have broken through these stereotypes. We have pioneered the development of low-density public housing designed to fit in with its surrounding neighborhoods. And we have made livable, safe and attractive public housing part of our basic commitment to provide housing opportunity for all Massachusetts citizens.

The state's commitment to public housing is second to none. In 1983 and 1985 the Legislature enacted the two largest public housing bond issues in the history of the Commonwealth. Together, they provide for the development of 6,250 affordable housing units for families, the elderly, and the disabled, and the complete rehabilitation of thousands of existing units. To further sustain our commitment, more than \$400 million in new public housing funds are being considered by the Legislature this year.

The results thus far are dramatic. More than 150 Massachusetts cities and towns are now developing new public housing for families, including many suburban and rural communities that instead of resisting public housing are now competing to obtain limited state funds. In larger city neighborhoods, such as South Boston's D Street, state dollars are being used to modernize housing developments built originally with federal funds but now neglected by the federal government. Through a unique state policy, Executive Order 215, all cities and towns must fulfill a basic obligation to provide affordable housing--including low-income family housing--to remain eligible for state grant programs.

Affordable Rental Housing

In 1983 Massachusetts created the nation's first state shallow-subsidy loan program to support the development of mixed-income rental housing. Administered by the Massachusetts Housing Finance Agency, the new program --State Housing Assistance for Rental Production, or "SHARP"--reduces the permanent mortgage interest rate for the developer to as little as 5 percent and requires in exchange that at least 25 percent of the units be available to low-income households. So far "SHARP" has made the difference in financing 64 developments, costing nearly half a billion dollars and providing nearly 8000 units of housing. In older city, town, and neighborhood centers, "SHARP" has meant the restoration of key buildings or renewal parcels that had long frustrated community revitalization efforts. In the suburbs, SHARP has helped make mixed-income housing a welcome addition to several communities.

At Boston's Columbia Point, we have joined the City, the Boston Housing Authority, the public housing tenants, and a private developer in creating a new kind of mixed-income residential community--a development of 1200 attractive, seaside rental apartments where 400 low-income tenants of this outmoded public housing project will live with neighbors paying a range of market rents. The largest and most creative commitment of SHARP assistance to date is an essential ingredient of this extraordinary opportunity to give new life to a troubled public housing development.

SHARP is the cornerstone of the Commonwealth's commitment to provide our people with affordable rental housing. But we have other opportunities as well:

- o Housing authorities have been able, since 1984, to provide tax-exempt financing for mixed-income rental housing where at least 20 percent of the units are available to low-income households. With the state's strong encouragement and the necessary commitment of state rental assistance, communities are now making widespread use of this "TELLER" program.
- o In 1986, the state's new Pension Reserve Investment Trust committed \$50 million to the financing of rental housing in Massachusetts--offering long-term mortgages at rates approaching those for tax-exempt bonds.
- o The Governor and Legislature are working on a new "state UDAG" program for private rental housing, to ensure that federal cutbacks in both development assistance and tax incentives do not destroy our ability to produce affordable rental housing, especially in older neighborhoods.

Home Ownership

Thanks to the Commonwealth's strong economy, the number of families and individuals who are ready to purchase their first homes greatly exceeds the affordable supply. Traditional low-interest mortgage programs, which have helped tens of thousands in Massachusetts buy their first homes, do not encourage new housing production and are no longer sufficient to close the pricing gap between supply and demand.

In January 1986, the Governor announced a Homeownership Opportunity Program to give thousands of moderate-income households their first chance to buy and own a home. This new program combined low-interest mortgage financing, a new fund to reduce interest rates, and grants to cities and towns for the costs of new roads, sidewalks, and sewers to support affordable housing development. The result of this initiative is mortgage rates as low as 5 percent for first-time buyers and strong incentives for local government to work with private developers to produce new, mixed-income housing.

The Homeownership Opportunity Program has become an immediate success. In just over a year, 60 new homeownership developments have been proposed by 31 cities and towns. Many families have had the opportunity to buy a home, in developments from Fitchburg's Cleghorn neighborhood to Dorchester's Champlain Circle. Young families can buy decent housing for \$60,000 to \$110,000 at interest rates they can afford. Our goal for the next five years is an ambitious one: 15,000 new homes for first-time buyers.

One way to build affordable single-family homes is to manufacture them; the awkward "pre-fab" units of an earlier day have been supplanted by attractive, moderately-priced and often customized homes. In 1984, we helped Huntington Homes, a housing manufacturer, locate a new plant in the Town of Orange. As a result, we not only created 250 new jobs in one of our "Targets for Opportunity" but also recruited a manufactured home builder into the Massachusetts Housing Partnership. It has worked. Huntington homes are appearing in neighborhoods from Greenfield to Taunton.

Communities, Housing, and Land Use

Many Massachusetts communities have let growth and development get ahead of their ability to manage it. Communities are particularly concerned when scarce land resources are consumed by large-scale residential construction which their own people cannot afford. More often than not, the choices appear to be allowing unrestricted growth or enacting a sudden moratorium. Neither is a good choice for most communities.

Across the Commonwealth, cities and towns are finding innovative solutions. Many communities are already changing their zoning to make clustered homes and open space preservation a reality. At Ashfield's Loomis farm, for example, a model development which combines affordable housing and agricultural preservation is now underway.

As part of the Massachusetts Housing Partnership, we are helping communities examine their housing needs through "strategic planning" --tailoring affordable housing solutions that also respect their land-use, conservation, and economic development needs. In the Connecticut Valley and the Blackstone Valley, on the Cape and the South Shore, we are looking to creative local officials and citizens to provide answers that we can use all over the state.

We are also using one of our most important public resources to promote this kind of model development--state-owned land. Two very different examples--one in the heart of Boston, the other in rural Dover--show the impact that such a policy can create.

- o In Boston's Southwest Corridor, we are making a cleared, five-acre site available for up to 200 units of affordable, mixed-income housing. "Parcel 22" works because it abuts our new Orange Line rapid transit station and an attractive new linear park. The

requirements for developer participation include not only affordable housing, but community participation and thoughtful architectural guidelines as well--to recapture the appearance and character of this one-time neighborhood of row houses.

- o In Dover, the Stigmatine Fathers' estate--once envisioned as a Governor's Mansion--will become a careful blend of open space and affordable housing. Most of the site will be preserved as a quiet riverfront park along the Charles and a well-field which will augment the water supplies of four communities. The mansion and grounds will become 60 units of mixed-income housing, subject to strict preservation guidelines.

Finally, we are requiring that when developers create market rate housing in the costal tidelands of Massachusetts--where any new development requires a state license affirming that a "proper public purpose" has been served--they include a significant share of affordable units, assisted where necessary through the programs of the Massachusetts Housing Partnership.

Communities, Housing, and Abandonment

As many as 5000 private housing units in Massachusetts are abandoned, and uncounted house lots are vacant. These properties stand witness to the twin frustrations of neighborhood disinvestment and lack of affordable housing. In 1984, legislation was enacted easing the transfer of vacant, tax-titled property from local governments to willing developers and began the process of targeting our production resources toward the reclamation of abandoned properties. We intend, over the next five years, to reclaim them all.

Much of this state's abandoned housing resources are found in Boston, and through the Boston Housing Partnership, the city is beginning to turn those properties around. But other Massachusetts cities also offer dramatic examples of what we can accomplish together.

Barely five blocks from the resurgent center of Lowell is a neighborhood known as The Acre--for three generations the home of Lowell's immigrant poor. Today The Acre is home to the city's Hispanic and Asian minorities, and the overall lack of opportunity is reflected most plainly in the erosion of the Acre's housing stock. But that is changing.

Through a partnership of the city, several state agencies, and a community development corporation called The Coalition for a Better Acre, a combination of rental and ownership production is reclaiming abandoned buildings and lots, providing affordable dwellings, and rekindling hope for the community's future.

In Springfield, three neighborhoods near the downtown are creating model housing partnerships of their own with the strong support of the city and state. In the North End, the Brightwood Development Corporation, one of the

state's oldest and most successful CDC's, is in the midst of a decade-long effort to turn empty buildings and vacant lots into affordable houses and apartments. In the South End, entire blocks of aging apartment buildings in Hollywood Park are being renovated at affordable rent levels in an environment of rebuilt streets, sidewalks, and parks. In Winchester Square, the heart of Springfield's black community, a long-time symbol of frustration and abandonment is about to become a catalyst for change and hope. The Indian Motorcycle factory, the district's landmark building which has been vacant for two decades, is now being converted to 139 units of mixed-income rental housing.

And across all of Springfield's neighborhoods, the city is using the full measure of state, local, and private initiative to place affordable Huntington Homes on some 300 vacant lots.

Opportunity For All

The revitalization of regions and communities is vitally important. But it is no less important to ensure that all of our citizens have their own individual chance to succeed--in good jobs, at decent wages.

And that means we have some barriers to overcome.

In three years, we have confronted the challenge of bringing people on public assistance into the workforce and emerged with "ET"--a national model that has made a difference to more than 30,000 families.

We have changed the way Massachusetts thinks about day care, transforming it from just an important social service to an essential part of this state's economic agenda.

In 1987, we are turning our sights on a broader set of barriers to economic opportunity.

"ET"--From Welfare to Work

Massachusetts, like most of her sister industrial states, wrestled for a decade and more with the dilemma of work and welfare. Until 1983, it did so without success and with little insight into how things might change.

In October, 1983, we launched the Employment and Training Choices Program, or "ET". The foundations of the program were two new and important principles:

- o The program requires AFDC recipients whose children are over six years old to register and participate, but it offers them a range of choices, so that each person can find the path that works best for her. ET is based on a proven fact--most mothers want to work, they want to leave welfare for their own development and their children's future.
- o The program rests on an extraordinary degree of coordination between the Department of Public Welfare and the other agencies whose services are essential in each individual case--job referral and training, education, transportation, day care.

In launching ET, Massachusetts set an ambitious goal of placing 50,000 AFDC recipients in unsubsidized jobs within five years. Barely three years later over 30,000 placements have occurred, and we are on schedule.

ET participants choose among career counseling, remedial education, skills training, on-the-job supported work, or direct job placement

through the Division of Employment Security. When they are done, most are placed in unsubsidized employment.

Eighty percent of those jobs are in the private sector, and over 8000 Massachusetts employers have hired ET graduates. On average, these jobs pay \$13,000 at entry level--more than double the average yearly welfare grant. Three-quarters of these jobs provide health insurance. And 86 percent of our ET graduates are still working--and off welfare--a year after they graduate.

Moreover, ET saves money--some \$107 million in 1986 alone. And it has made it possible for over 30,000 of our fellow citizens to become part of the Massachusetts success story.

The Massachusetts Day Care Partnership

The Massachusetts business community has come to recognize what thousands of working families have already discovered--that quality, affordable day care is an economic necessity. Almost 20 percent of this state's mothers are the sole support for their families, and over half of Massachusetts mothers with children under six work full-time.

One of the realities of a state with an unemployment rate of 4 percent is that two questions--how do we extend opportunity to all families, and how do expanding businesses find the workers they need--have the same answer: day care.

An adequate supply of good day care has not been, and probably cannot be, provided by the private sector alone. The Commonwealth already helps provide day care for the children of low-and moderate-income working families. In January of 1985, Governor Dukakis announced the Day Care Partnership Initiative--a two-year search for new and better ideas.

The new partnership has already achieved some important successes:

- o We have begun a network of regional Child Care Resource and Referral agencies, to assess local demand and resources, recruit new providers, and help create new partnerships. By mid-1987, a total of 12 regional centers will be established serving every city and town in Massachusetts.
- o We are encouraging businesses to provide as much employer-sponsored day care as possible, including on-site facilities whenever practicable. At present, 99 Massachusetts companies are supporting day care centers, including 60 who do so on-site.
- o This summer, the state and one of its largest employers joined hands to create an unprecedented \$1.5 million pool to help finance new day care initiatives. The Massachusetts Industrial Finance Agency announced a \$750,000 loan fund for work-site day care centers, while the New England Telephone Company announced a \$750,000 grant fund for non-profit day care centers.

At the same time, Massachusetts has committed new public resources to quality day care. Salaries of child care workers in centers with state contracts and rates allowed to family day care providers have been raised substantially in two years--an investment we simply must make if decent care is to be available to thousands of working families. We have also increased by 35 percent the number of state-assisted day care openings available to the children of ET participants--one of the principal reasons for that program's success.

We are making sure that this state's major public institutions --schools, local housing authorities, and the Commonwealth itself--do their share by providing affordable day care.

We have just begun to find answers and implement them. But the Massachusetts Day Care Partnership is sending working parents the very important message that they no longer have to face the problem of finding quality day care alone.

Bringing Down the Barriers

In January of 1987, we decided that the lessons of ET and the Day Care Partnership could help even more of our citizens. For if economic opportunity is to reach every citizen, we must do more than redouble our efforts to help those who receive public assistance to lift themselves out of poverty.

We must also bring down those other barriers to opportunity that have, for too long, meant poverty and dependency for too many.

For as long as it takes, the human resources of this Commonwealth--state and local, public and private--will be used to help people overcome five barriers to economic participation and opportunity:

- o the failure of responsible parents to provide the financial support to which their children are entitled
- o drug and alcohol abuse
- o teen pregnancy
- o school dropouts
- o adult illiteracy

These are not economic development initiatives. But they are the indispensable complement to our economic agenda, for they are the bridges that link the Massachusetts success story to thousands of our fellow citizens who cannot yet be part of it.

THE OPPORTUNITY TO GROW

As a Commonwealth and a people, we in Massachusetts have long understood that economic growth and environmental quality can and must go hand in hand. In this decade of economic resurgence, our commitment to the natural and built environments of Massachusetts has become stronger and richer than ever.

We believe in the conservation and enjoyment of our land and water resources.

We believe that preserving the character and heritage of our communities is an integral part of revitalizing them.

We believe in balanced and creative transportation policies that encourage economic development while helping to create cleaner air and more livable neighborhoods.

We value more than anyone the magic of our seacoast and our mountains.

We recognize that continued economic growth could mean the production of more waste products than we can handle--unless we cut down on all kinds of waste and do a much better job of managing what we generate.

We care about these values because the environment has always been part and parcel of our economic future. For 300 years, the sea has brought life and wealth to communities like New Bedford and Gloucester. Fertile farmlands in the Connecticut Valley and cranberry bogs in Plymouth County were and are a primary economic asset. Our rivers powered the industrial revolution.

Today, tourism is the second-biggest industry in Massachusetts. It is an industry completely dependent on the beauty of this state's seacoast, countryside, and communities. And in the broadest sense, all of our economic growth reflects a simple and powerful fact--Massachusetts is a good place to do business because it is a great place to live.

Yet our concern for the environment can never be motivated only by its economic value, for it is so profoundly important in its own right. It is, quite literally, where we live. And to ensure that our quality of life keeps pace with economic growth, we must do three things:

- o We must provide enough infrastructure to sustain the growth we want.

- o We must protect our special environmental resources--wetlands and water supplies, farmlands and parks--from pollution and haphazard development.
- o We must all work together to ensure that development is of a quality that enhances the environment in which it occurs and expands rather than limits our access to that environment.

"The Spirit of Massachusetts" is, in the narrow sense, our name for the Commonwealth's new and very successful tourism campaign. But in a broader sense, "The Spirit of Massachusetts" is much more. It is our common sense of what makes Massachusetts special, of why we feel so proud of our Commonwealth, and of what we must do to stay on course.

Our Land and Water

The essence of our natural environment is our land and water, and to protecting them from the negative consequences of growth requires three commitments.

First, we must decide what should not be developed. Parkland, farmland, and wetlands are at the heart of the environmental ethic in today's Massachusetts, and we are committed to each.

Second, we must protect our rivers, ponds, and aquifers not only from contamination, but from unnecessary depletion.

Third, we must do a much better job of reducing our production of solid, hazardous, and low-level radioactive waste, managing what we do produce, and cleaning up the contamination that has resulted from environmentally unsound disposal in the past. For it is the toxic waste products of economic growth that most urgently threaten our land and our water.

Parkland

Ten years ago, open space preservation in Massachusetts was almost exclusively a rural phenomenon, and we didn't do nearly enough of that. Today, in collaboration with local governments, we are implementing the largest single open space program in the history of any New England state.

We are now ready to crown our efforts with a new, five-year \$256 million bond issue for open space acquisition and development. Governor Dukakis unveiled this sweeping new program in March of 1987. Our program extends from the Berkshires to the Cape, and it places equal value on the urban and rural environments.

In our older cities and towns, the nationally-acclaimed Urban Heritage Park program has now been complemented by two companion initiatives: the systematic restoration of our eight Olmsted Parks and the revitalization of 22 city, town, and village commons.

These efforts reflect our belief that in-town parks uniquely connect a community's economic revitalization and its quality of life. From downtown Lawrence to Boston's Franklin Park to the picturesque commons of Huntington and Leyden, we are making our past an indispensable part of creating our future.

Outside of our settled communities, we are moving aggressively to expand and improve our inventory of state parks and forests. For example:

- o We are reviving the decades-old dream of the Bay Circuit--a greenway on the outer periphery of metropolitan Boston roughly along the Route 495 belt.
- o We are expanding one of America's great metropolitan parks system--in the Blue Hills, along the Neponset, and in long-neglected coastal areas like Bell Isle Marsh.
- o We are moving to acquire public easements up and down the Connecticut Valley, to create an extensive Connecticut River Greenway.
- o We have bought priceless properties like Newburyport's Mosely Estate and the North Adams Natural Bridge, which will expand what is already the country's sixth-largest state park system.

In a few very special places, we have been able to launch parkland projects that preserve precious open space and support sensitive development.

- o At Mount Greylock, the state-funded Greylock Glen project will combine the protection of the Commonwealth's oldest state reservation with a private four-seasons resort that the economically troubled Northern Berkshires badly need.
- o On the banks of the Charles River, the MDC's creation of John F. Kennedy Park completes the marriage of urban parkland and commercial development first conceived in 1975.
- o At Revere Beach, the nation's oldest public bathing beach, we are promoting the restoration and expansion of the ocean front park, and the protection of the beach area from excessive and inappropriate development.

Farmland

In the 1970's, Massachusetts recognized that its farmland was being lost and that an irreplaceable part of our heritage was being lost with it. We began a new approach--the Agricultural Preservation and Restriction program. Under APR, the Commonwealth helps farm families preserve prime farmland threatened by development. The farm owner receives the economic benefit of selling, but the land is never sold out. It must remain in farm production--a restriction that runs with the deed and survives the original farmer.

Thanks to the APR program, a total of 16,000 acres on 170 farms have been preserved. The Commonwealth has also pledged to keep its thousands of acres of publicly-held agricultural land in farm use as it disposes of surplus properties such as state hospital grounds.

Agricultural preservation started out as a preservationist initiative, but in the last three years we have come to recognize it as an important part of an economic strategy as well. Biotechnology and other scientific innovations in farm production are being actively promoted by the Massachusetts Department of Food and Agriculture, and Massachusetts farmers are enjoying real success these days.

At Ricca Farms in Westminster, for example, New England's largest egg producer is setting up a modern packaging and shipping facility with the help of below-market financing from the Commonwealth. And the resurgence of a company like Ocean Spray means continued vitality for cranberry growers throughout Southeastern Massachusetts.

Wetlands

In 1965, Massachusetts became the first state in America to enact strong protection for wetlands. Wetlands come in many forms, some visible and beautiful, others hidden or already degraded. But virtually all wetlands serve one or more values that make them an important part of our environment: flood control, aquatic habitat, pollution abatement, and the like.

Prior to 1983, Massachusetts allowed private development to occur in wetlands, so long as local and state regulatory bodies were convinced that the values served by the wetlands in question were not excessively impaired. Wetlands alteration could be mitigated by actions that repaired the damage or compensated for it at another site nearby.

In 1983, we changed that policy. Under new regulations, private development cannot alter a wetland in excess of 5000 square feet. Practically speaking, this new policy means that new private development can no longer be proposed for the wetlands of Massachusetts.

In 1986, the Governor supported and the Legislature enacted the Wetlands Wildlife Act, which ensures that the preservation of wildlife habitat must be respected in any development decision that impacts wetlands.

Protecting Our Water

Between 1983 and 1986, an extraordinary series of five legislative acts made the protection of rivers, ponds, and aquifers a top priority for Massachusetts.

- o The 1983 Interbasin Transfer Act and the 1985 Water Management Act provide for regulation of water usage, conservation of existing sources, and very tough standards for diverting rivers from one region to another.

- o The 1984 Water Resources Authority Act not only set the stage for the clean-up of Boston Harbor, but also created the mechanism for upgrading the metropolitan water supply system. The Act also weighs heavily against diverting other rivers into the metropolitan system.
- o A 1985 bond issue provides \$427 million in new state funds for the construction of local and regional sewage treatment systems.
- o The 1985 Acid Rain Control Act complements Massachusetts' leadership in the national fight against acid rain emissions with new state standards curbing emission within our own borders.

Protection From Wastes

In January of 1987, Governor Dukakis and the state's environmental leadership announced that the Commonwealth will seek this year a comprehensive solution to each of three urgent environmental waste issues.

o Hazardous Waste

The 1983 Massachusetts Superfund law empowers the state to discover toxic waste sites, compel responsible parties to clean them up, and undertake emergency cleanups directly. And the 1985 Administrative Penalties Act allows the state to impose civil penalties on polluters who are serious, repeat offenders without time-consuming court procedures that merely delay a remedy. This law will be especially helpful in cases involving illegal dumping of toxic wastes. In four years, we have nearly doubled our staff assigned to hazardous waste sites, nearly quadrupled our hazardous waste operating budget, and nearly quintupled--to some 600--the number of sites being investigated and cleaned up.

But significant issues remain. The Administration and the Legislature are currently working on an initiative to further strengthen the state's powers to find waste sites and compel cleanups, while also providing incentives for property owners to discover, report, and clean up waste sites on their own.

Finding the right answer for discovery, cleanup, and liability on existing waste sites is very important, but so is the prevention of any further contamination. To do that, we are working with this state's industrial and environmental leaders to reduce our waste stream significantly and to site one or more environmentally safe waste treatment facilities.

o Solid Waste

Massachusetts generates six million tons of trash and garbage a year; we recycle only 5 percent of it, and two-thirds goes into landfills. Many of those landfills fail to meet environmental standards; in fact, of some 550 active and abandoned landfills in Massachusetts, two-thirds may threaten groundwater, drinking water, or both.

In 1985, the Governor and the Legislature began work on a Solid Waste Plan for Massachusetts. One key component--the diversion of a major portion of our solid waste into environmentally sound regional resource recovery facilities--is already underway. Massachusetts is a national leader in this technology, with plants on-line in Haverhill, North Andover, Saugus, and Pittsfield; plants under construction in Millbury, Rochester, and Springfield; and a major facility planned in Boston.

Massachusetts is also taking the lead in recycling, with a pilot regional facility now under development in Springfield to serve that city and three of her neighbors. The remaining elements of the proposed strategy are now part of a solid waste proposal under consideration in the Legislature--a potential investment of nearly \$300 million. This includes a crash program to assess all known landfills to determine which pose major threats to the environment; a network of additional pilot recycling centers; a clean-up fund for drinking water supplies contaminated by landfill leachate; and a Waste Management Incentive program to help cities and towns change over from single-community landfills to regional disposal solutions.

o Low-level radioactive waste

Several Massachusetts industries, including our all-important medical research complex, generate low-level radioactive waste. In all, nearly \$1 billion in economic activity employing some 10,000 people depends on our ability to dispose safely and legally of the 120,000 cubic feet of low-level radioactive waste generated annually in Massachusetts.

The challenge is made more urgent by federal legislation which requires that Massachusetts either be part of a regional disposal compact or create a disposal site of its own by 1993.

In 1986, a legislative Special Commission reported a comprehensive Low-Level Radioactive Waste Management Act, which provides not only for the siting of a facility, but for the complete management of this special waste stream. Governor Dukakis supports this legislation, and it is the third of the major waste bills that deserve enactment in 1987.

The Seacoast

Massachusetts has rediscovered in the last decade the fundamental link between her coastline and all other aspects of her economic life. And we have found a great opportunity and a great challenge.

We must decide if those economic activities that have always depended on our place by the sea will be encouraged to grow and prosper in the twenty-first century. We must decide if the fragile ecology of our coastline's undeveloped areas will be protected. And we must decide if the seacoast of Massachusetts will be open to each and every one of her citizens.

The answer to each of these questions must be "yes."

Broadly speaking, the Commonwealth can do three things to achieve these goals. We can advocate strongly for federal policies that make sense for the Massachusetts coastline. We can invest state dollars in the kind of coastline we want. And we can plan for the future of our coastal zone.

At the federal level, relatively few major policy decisions affect our coastline, but those that do are very important. We have said "no" to off-shore oil exploration on George's Bank, and we have said "yes" to a fair deal for our fishermen--a deal that only Washington can negotiate with our Canadian neighbors. These will remain our policies.

The opportunities to invest in our coastline are more abundant, and we have seized them enthusiastically:

- o A major thrust of our open space program involves acquisition and development of coastal properties--from heavily developed areas like the Lynn and Fall River waterfronts to barrier beaches and saltwater marshes that should never be developed.
- o A coastal facilities bond issue is but one of several programs for rebuilding the public infrastructure of our harbors. Wharves, access roads, marinas, public landings, walkways, and dredging projects that meet environmental standards and promote the sound use of our coastline are being built up and down the coast with state assistance.
- o We are working to create a bright future for our fish and fish processing industries. In Gloucester, Boston, New Bedford, Provincetown, and smaller ports, we are making a coordinated effort to rebuild piers and modernize processing technologies.
- o Our tourism promotion campaign, the "Spirit of Massachusetts," is in itself an unprecedented investment in the economy of our coastal communities.

Most important of all state initiatives is our commitment to sound coastal planning. In 1977 Massachusetts created the Office of Coastal Zone Management. In 1983, Governor Dukakis and the Legislature made CZM a permanent arm of the Executive Office of Environmental Affairs--and the Governor directed the development cabinet, which coordinates all major planning and development policies, to make the creation and implementation of coastal zone plans a priority.

That 1983 legislation was a landmark because it also gave the Commonwealth the ability to license systematically and thoughtfully every new use of her tidelands, whether public or private. From colonial days, the Commonwealth has held in trust the public's right to "fish, fowl, and navigate" in the tidelands.

Historically, the Commonwealth's stewardship of her property rights under Chapter 91 of the General Laws was a patchwork of inconsistency and neglect. Under the 1983 law, however, development in the tidelands must either be water-dependent or serve an alternative public purpose that is compelling. Either way, public benefits, such as genuine access and enjoyment by the public, must be provided. And any tidelands license must be consistent with approved Coastal Zone Management Plans.

At the extremes, this new law protects from haphazard development two very different resources that make our coastline so special--those fragile, undeveloped areas like the Cape marshes which should remain open forever, and traditional centers of maritime industry and commerce, like Quincy Shipyard, which should continue to be reserved for port activities.

Between those extremes, the 1983 revisions to Chapter 91 give the Commonwealth, in partnership with her coastal communities, the ability to help shape waterfront commercial and residential developments that can contribute greatly to our economic future, so that they help form a link to the sea and not a barrier.

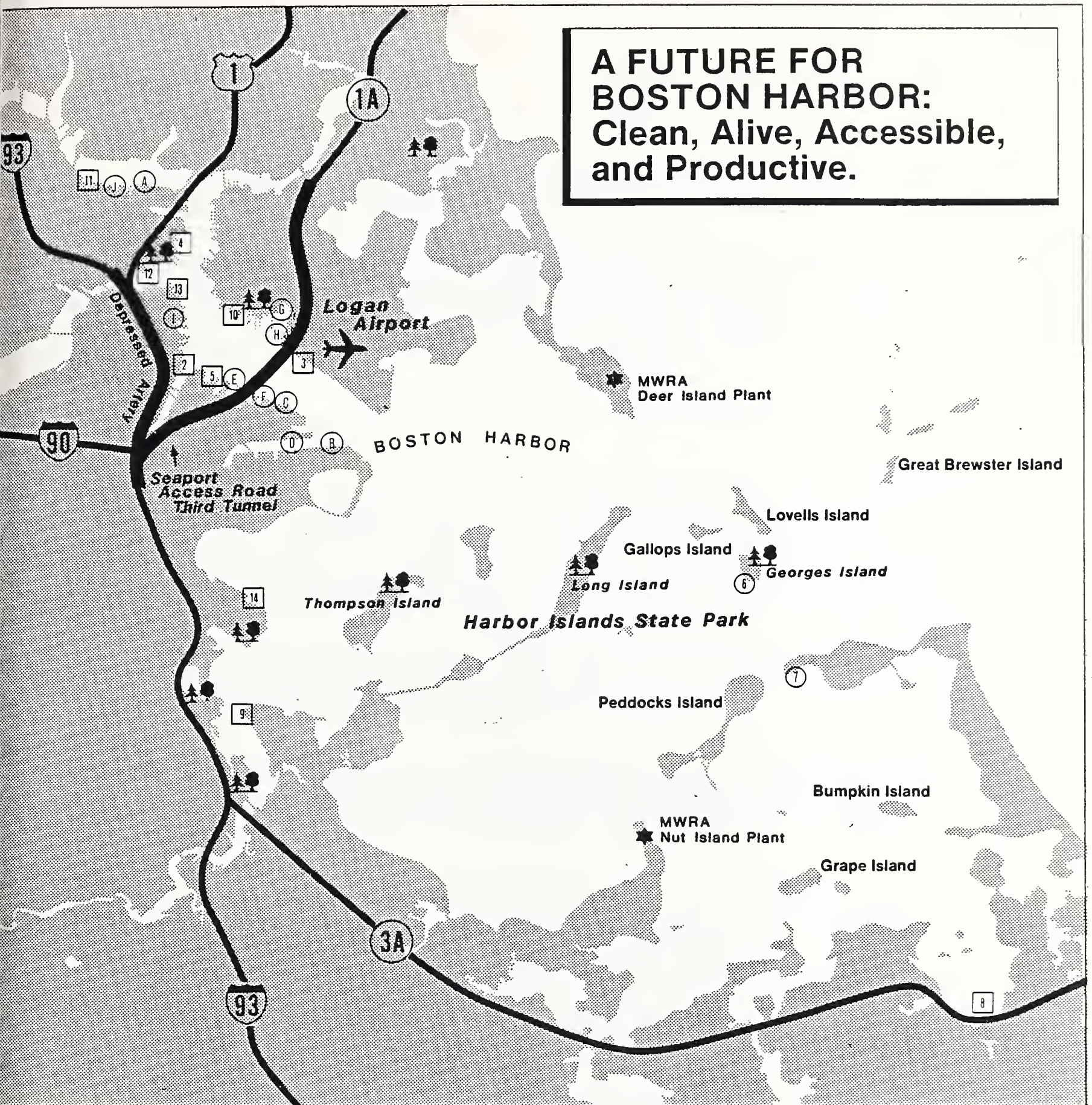
In two areas of our coastline, the effort to plan for and invest in the future are especially important. Those areas are Boston Harbor and the Cape and Islands.

Boston Harbor

In 1984, the Commonwealth created the Massachusetts Water Resources Authority and began something that was long overdue--the \$2 billion clean-up of Boston Harbor. That this most fundamental and historic of natural resources could become the most polluted urban harbor in America shows what can happen when for decades no one generation is willing to plan and invest for the next.

Since the Authority's creation, we have made two vital and long-awaited decisions--to make the waters of the harbor as clean as we can by investing in secondary treatment and to locate the massive new treatment facility at Deer

A FUTURE FOR BOSTON HARBOR: Clean, Alive, Accessible, and Productive.



Major Harbor Terminals

- Terminal Only
- Terminal associated with major development
- ① Long Wharf
- ② Rows Wharf
- ③ Logan South
- ④ Charlestown Navy Yard
- ⑤ Fan Pier
- ⑥ George's Island
- ⑦ Pemberton Point
- ⑧ Hingham Shipyard
- ⑨ Marina Bay

Major Developments with Public Access and Water Transit

- ⑩ East Boston Piers
- ⑪ Schrafft's Center
- ⑫ Constitution Plaza
- ⑬ Lincoln Wharf/Lewis Wharf
- ⑭ Harbor Point/JFK Library

Major Parkland Improvements:

Major Port Facilities

- Ⓐ Moran Container Terminal
- Ⓑ Sealand and Connally Terminal
- Ⓒ Mass. Marine Cargo Terminal
- Ⓓ Cruise Ship Terminal
- Ⓔ World Trade Center
- Ⓕ Boston Fish Pier
- Ⓖ Lobster Pier
- Ⓗ East Boston Shipyard
- Ⓙ Revere Sugar Site

Island. And we have kept our commitment to make way for the treatment plant by finding a new site for the Deer Island House of Correction.

The Commonwealth's commitment to clean up Boston Harbor comes at a time when our people are rediscovering the wealth of opportunities that a clean harbor can bring them--attractive waterfront development with new jobs and housing, the revival of water transportation, a rejuvenated working port, and an unparalleled recreational opportunity for the people of Greater Boston and New England.

We have launched a coordinated campaign to pursue all of these opportunities:

- o We are moving aggressively to complete the Boston Harbor Islands State Park, begun in 1976. In cooperation with the City of Boston, we are expanding the park to include Long Island, while enhancing the facilities that already exist and developing a major gateway center on Long Wharf. The 1986 Harbor Islands State Park Master Plan reflects a bold vision for the Year 2000 and beyond.
- o We are working with the City of Boston to expand public parkland on the harborfront--at the East Boston piers, Dorchester Bay, the Neponset Estuary, and Charlestown Navy Yard.
- o We are spearheading the creation of a water transportation system that will ferry families to the Harbor Islands, commuters to work, inter-city travelers to Logan Airport, and people who visit downtown Boston from place to place along a bustling commercial waterfront.
- o Through the Massachusetts Port Authority's \$220 million capital investment program, we are rebuilding the Port of Boston--where in 1985 container shipments topped one million tons for the first time in 13 years; where the Black Falcon Terminal is bringing cruise ship travel back to Boston; where the revitalization of the historic Boston Fish Pier is now complete; and where a lobster terminal that will preserve one of Boston's oldest marine activities is now being designed.
- o Through the aggressive use of the 1983 Tidelands Act, we are working closely with the City of Boston's HarborPark initiative to shape development projects like Rows Wharf, the Fan Piers, Columbia Point, and the Charlestown Navy Yard. Together, we will ensure that new waterfront development reflects the harbor's balanced need for job creation, public access, water transportation, affordable housing, a strong working port, and architectural excellence.

The Cape and Islands

Massachusetts understands how unique and precious a resource it possesses in Cape Cod, Martha's Vineyard, and Nantucket. And none of our people understand that better than those who live on the Cape and Islands and hope to make a future there for themselves and their families.

Overdevelopment on the Cape and Islands threatens not only a unique quality of life, but in the extreme case of continued development atop the Cape's sole aquifer, the ability of the region to support economic and community life at all.

We are committed, in the words of the Association for the Preservation of Cape Cod, to "caring growth." And to achieve that goal, we have undertaken a number of interwoven initiatives.

- o Through our open space acquisition and development program, we have in just three years added South Cape Beach, Washburn Island, the Mashpee and Pocasset Riverbanks, Katama Plains, and Edgartown's South Beach to the Commonwealth's park system. And we have effectively declared 2500 acres of prime shellfish beds, marshes, and beaches off-limits for development in Orleans, Brewster, and Harwich.
- o Through state assistance grants totalling over \$13 million, we have in that same period of time helped the towns of the Cape and Islands acquire ownership or conservation rights on over 2200 acres of land to preserve water supplies, farmlands, wetlands, or parklands.
- o We have committed the state to the preservation of the Cape's aquifer, through both acquisition of sensitive properties and the cleanup of landfills and other dumps which pose a major threat to groundwater contamination.
- o We have supported proposals by Cape and Island officials to create local "Land Banks" by imposing a small fee on deed transfers to help pay for the purchase of conservation lands and easements. The Nantucket and Martha's Vineyard Land Bank bills have become law. We need a Land Bank bill for Cape Cod.
- o We need open space and affordable housing. We are committed to the creation of affordable housing for Cape Codders, and have begun working in partnership with Cape towns to achieve this critical goal without threatening the Cape's land and water resources.

- o We are full partners in the regional effort to encourage future growth in town and village centers. In Hyannis, we have used both the regulatory powers of Chapter 91 and a series of state planning and construction grants to help Town officials realize their dream of a revitalized business district linked to a healthy, attractive, and accessible waterfront.

A Sea of Cars?

Our transportation system is an essential part of our economic future. In our "Target for Opportunity" regions, improved highways are a cornerstone of our efforts to encourage growth, while in city and town centers across Massachusetts we are investing in the streets, sidewalks, and garages that can help revitalize downtown economies.

But in metropolitan Boston and the growth corridors that surround it, the transportation system of tomorrow must bear an especially heavy burden as the regional economy continues to boom. It must accommodate four growth engines on which the entire Commonwealth depends: downtown Boston's financial and service economy; the Route 128 belt; Logan Airport; and the reawakening Port of Boston.

The future of eastern Massachusetts cannot be one of polluted air, twelve-hour gridlock, and loss of community character. It does not have to be. If we plan and invest together in a balanced transportation system, we can build the kind of metropolitan community we all want.

The Central Artery, the Airport, and the Seaport

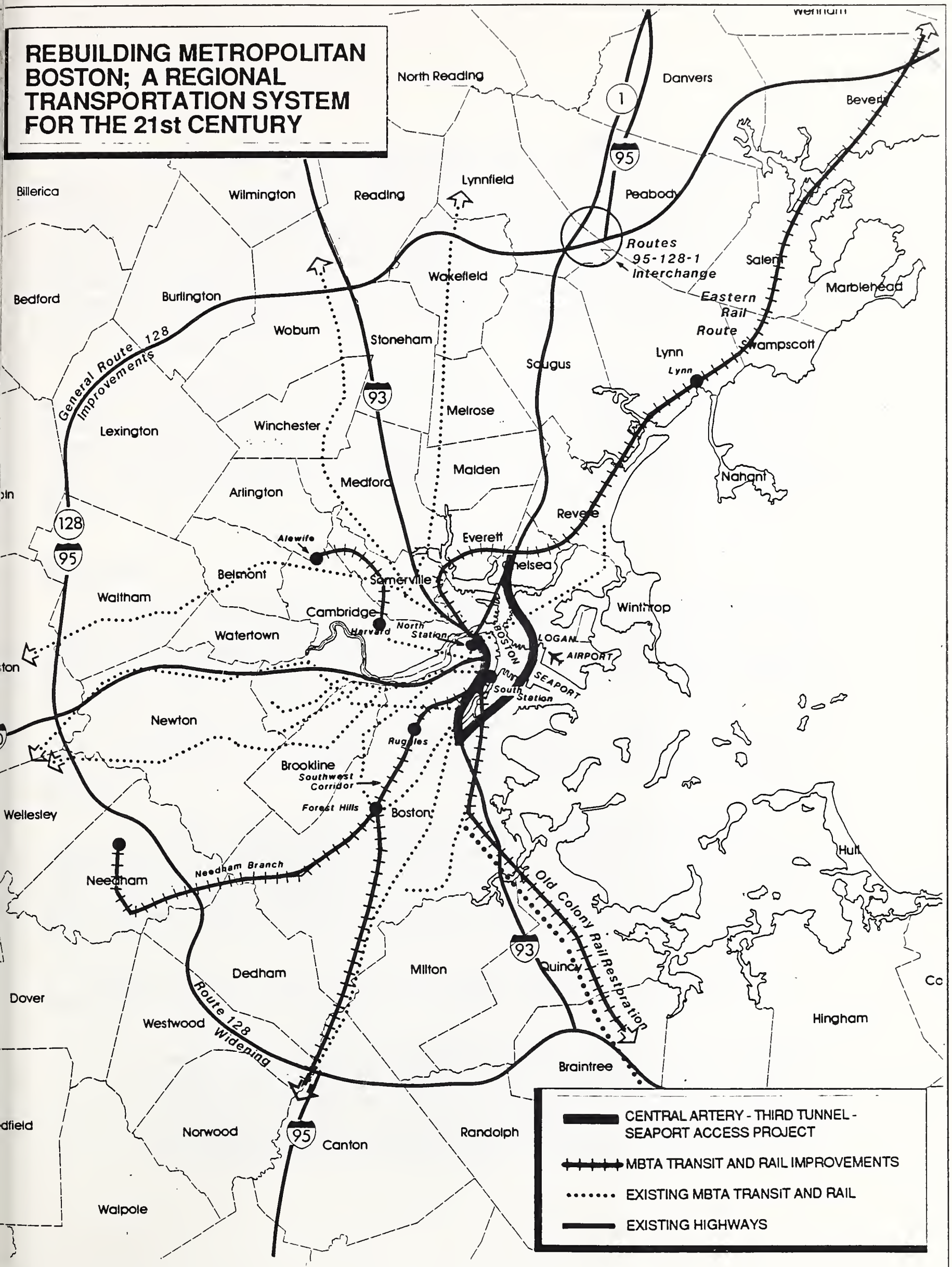
Massachusetts has set out to build the largest, most important highway project in the history of New England. We are going to rebuild the Central Artery underground, significantly expanding its lane capacity and eliminating some of the most serious safety hazards in the entire interstate highway system.

In conjunction with the new Artery, we intend to build a new four-lane tunnel from the interchange of the Massachusetts Turnpike and Central Artery to Logan Airport. The tunnel corridor, in its passage under Fort Point Channel and through the South Boston industrial area, will also provide a Seaport Access Road--the crucial express highway link from the interstate system to Boston's major new commercial and maritime growth area.

This combined project will not by itself solve the traffic and growth problems that face central Boston. But it is the essential precondition for unblocking the choke point that now exists between the Charles River crossings and the Sumner-Callahan Tunnel system--a choke point which will otherwise, by the year 2000, produce a traffic jam for twelve hours each business day.

Without the project, the center of our region will face a downtown economy, as well as an airport and a seaport, that are increasingly unable to function let alone grow. The impacts of that choice would extend far beyond the capital city to our "Targets for Opportunity", our export-intensive industries, and the economy of New England as a whole.

REBUILDING METROPOLITAN BOSTON; A REGIONAL TRANSPORTATION SYSTEM FOR THE 21st CENTURY



The Artery-Tunnel-Seaport Access Road project will take a decade to complete. And it is expensive--about \$3 billion. But we must build it. Over the last four years, we have overcome years of conflict to establish a strong consensus for the combined project. We have revised the design and alignment to ensure that the combined project enhances rather than damages the neighborhood environment. Federal officials have approved the state's environmental impact statement, and full-scale engineering is underway. When the Congress affirmed in April of 1987 that the project is eligible for 90 percent interstate highway funding, we set our sights on 1998 for completion of this indispensable gateway to the future.

Immediately north of the Central Artery, a related \$250 million project has begun in Charlestown, where Routes 1 and I-93 now merge to create one of the most inefficient and unsafe places in the nation's highway system. This elevated interchange casts a blighting shadow over much of Charlestown and stands like a wall between that community and its reemerging waterfront. A safe, attractive, and largely underground ramp system will appear in its place in 1991.

Taking the T

The heart of metropolitan Boston contains the richest concentration of regional assets in the United States. In addition to the financial, commercial, shipping, and travel center of New England, this physically small metropolitan core is home to the state government, dozens of federal agencies, and an educational, medical, and cultural center of world importance.

This concentration of activities cannot thrive if people try to reach it solely by automobile. Fortunately, Boston has what is potentially a fine public transit and rail system in the ground. America has stopped building new ones.

In the early 1970's, the Commonwealth made a momentous decision to abandon plans for several radial expressways into Boston and replace them with a series of long-debated transit extensions and commuter rail improvements. Those investments will pay off in a 25 percent increase in transit capacity within the next year, a vital contribution to the region's economic well-being during the decade it will take to build the Artery-Tunnel and beyond.

These investments also create the infrastructure for a generation of economic development at strategically located transportation centers.

- o In 1978, the MBTA began construction on the largest public works project in New England history--the relocation of the Orange Line and southwestern rail trunk into the Southwest Corridor from Chinatown to Forest Hills. The new Orange Line began service in the spring of 1987. It is the backbone of state and city plans for the revitalization of a half dozen Boston neighborhoods, and has already led to the development of projects ranging from

mixed-income housing in Lower Roxbury to the region's largest private mixed-use project to date, Copley Place.

- o In 1978, the MBTA designed and brought to construction the extension of the Red Line from Harvard Square to Alewife Brook. The new extension opened in 1985. The state has begun a program of roadway improvements at Alewife to provide better access to the station garage and to complete a balanced transportation system for the Alewife development area.
- o Between 1975 and 1978, the MBTA completed the final leg of the Red Line South extension, from Quincy Center to South Braintree, and launched a series of companion roadway improvements designed to bring commuters to the station garages and new economic investment to the station area.
- o In partnership with the City of Boston and private developers, the MBTA is restoring South Station to its historic function as a multi-modal transit center and creating, on air rights over the railroad tracks, a development opportunity of major importance to Boston and the region. At the same time, engineering is underway for a similar partnership at North Station.

New rolling stock is being brought to the Red, Blue, Orange and Green lines. Station platforms are being lengthened to accommodate longer trains. New buses are appearing on feeder routes throughout the system. We are determined to give MBTA riders the kind of safe and attractive facilities they deserve--and an expanded and reorganized MBTA Police Force has cut crime on the T by 21 percent in four years. The results are already measured in significantly increased ridership.

We recognize that even when the Artery-Tunnel project is complete, public transportation will have a major role to play in the future of Logan Airport. The Port Authority is therefore in the midst of a comprehensive study of how the next generation of air travelers will get to Logan. Engineering will soon begin for a downtown subway connection between the Red and Blue Lines, providing Red Line users from north and south with "one-change" access to Logan.

Equally important, the new harbor tunnel will include an express lane for bus service between South Station and Logan, so that air travelers can arrive at South Station by car, transit, intercity bus, or train, check in for their flight, and take an express bus directly to their terminal at Logan. Simpler park-and-bus facilities are already operating from Quincy and Framingham.

The present experiments in airport ferry service are but a forerunner of a comprehensive water transportation system linking Logan and the downtown waterfront to major MBTA stations in and near the downtown, and to remote park-and-sail facilities on the North and South Shores.

Rebuilding a Rail System

The Commonwealth has made few more ill-considered decisions than the ones that permitted our commuter rail system to deteriorate in the 1950s and 1960s. The decision in 1959 to abandon service on the entire Old Colony system to the South Shore and Cape Cod was the worst mistake of all.

Fortunately we still have the Old Colony rights of way, and we own 250 miles of track purchased in 1976 from the Boston & Maine Railroad. For a decade, we have been pursuing a strategy for rebuilding our commuter rail system:

- o The Fitchburg and Franklin Branches have been rebuilt completely, their rail stations cleaned up, and their rolling stock replaced.
- o In 1983, we ended years of conflict over the future of the Needham Branch by committing the Commonwealth to its complete reconstruction as a first-class commuter line, which reopens with the Southwest Corridor in the spring of 1987.
- o In 1985 and 1986, we took advantage of two disabling bridge fires to begin the heavy reconstruction of the Eastern Route, which serves the North Shore. Much of the project is now complete; still to come are new downtown transportation centers in Lynn and Salem.

But rebuilding and restoring the Old Colony is our most important commuter rail priority. Environmental and engineering work is underway on a project which when completed in the early 1990's will bring riders from all of Plymouth County directly into South Station. There they will be able to board the Red Line for other downtown destinations, or check into their airline and travel by direct express bus to Logan.

The results for South Shore commuters and airline users will be dramatic. Instead of an overcrowded Route 3 and Southeast Expressway--and instead of a Central Artery which will be operating but under reconstruction throughout much of the 1990s--these travelers will be able to park at a local station, board a train, and emerge with no parking worries at their in-town destination.

Finally, and just as important, we must work with Congress and our sister states to complete the Northeast Corridor high-speed rail project from Boston to New York. Over one third of Logan's domestic passenger flights travel to or from New York, and the total trip takes an average of three hours and fifteen minutes from downtown to downtown. High-speed rail improvements between the two cities--a project already completed between New York and Washington--would reduce the same trip to three hours by train. We are building a first-class intermodal transportation center at South Station; it is time for Washington to do its part by working with us to complete the Northeast Corridor project.

Route 128 and the Growth Corridors

It is a fact of economic life in eastern Massachusetts that Route 128 and the principal radial highways that emanate from it are choked with traffic and getting worse. The circumferential highway that has become synonymous with high technology growth in the Commonwealth has also become so potent an office and retail magnet that the MetroWest and Burlington development areas trail only downtown Boston as service sector job markets in Massachusetts.

Traffic jams for commuters to Route 128 work destinations are now routine and serious; local streets that have interchanges with 128 are badly impacted in several communities; and key radial corridors--especially Routes 9 and 3--are becoming even more congested than 128 itself.

The Commonwealth can and will help with highway and interchange improvements that ease the congestion.

- o We are undertaking the environmental impact studies required to widen the southwestern arc of Route 128, where travel capacity is only six lanes.
- o We are committed to the widening of Route 3 between 128 and Lowell and have begun the necessary environmental studies.
- o We have nearly completed the redesign and reconstruction of the regional interchange of Routes 128, 1, and I-95 in Peabody, easing traffic flow and providing access to the Centennial Industrial Park.
- o We are prepared to undertake improvements at several key interchanges along Route 128.

But these steps will at best enable the highway system to absorb current levels of traffic under existing commuter patterns. Two other basic commitments must be made by the public and private sectors if Route 128 and its economic environs are to function into the twenty first century.

We must enthusiastically embrace a range of alternative commuting strategies, such as car and van pools, flex-time, and public transportation to major, critical-mass destinations.

And we must recognize that industrial and commercial growth on and near Route 128 is approaching its limits. The highway cannot be double-decked. Businesses are running out of buildable land. They are running out of water and sewer capacity. And they are running out of workers.

For that reason, we are participating enthusiastically in regional planning efforts like that initiated by the MetroWest Planning Committee. In the dozen Route 9 communities between Wellesley and Marlboro, the state is funding both an infrastructure study and an affordable housing study--and doing so with a firm intent to peg our future infrastructure investments and development approvals to a local and regional commitment to manage growth wisely.

Tourism: "The Spirit of Massachusetts"

Tourism and travel, cultural events and business conventions, elaborate journeys or the simple decision of a family to spend a weekend in Massachusetts--these are important economic activities for our Commonwealth. They also bring together much of what we feel about our state--about her cities and her countryside, her seacoast and her transportation system, her innovative technologies and her industrial heritage.

Tourism is this state's second-biggest industry. Yet for much of our recent history, it was a neglected industry. State government, until 1984, made a minor investment in tourism promotion compared to other large states and many cities. There was no media campaign outside Massachusetts, and there was no systematic effort to link a tourism campaign to the many important new attractions being created within Massachusetts with state support. There was no attempt to make tourism part of an economic development strategy in the regions which were to become our "Targets for Opportunity."

The "Spirit" campaign changed all that. In 1984, Governor Dukakis asked the Legislature for an unprecedented \$4 million tourism media campaign, and the Legislature acted immediately. Proclaiming that "the Spirit of Massachusetts is the Spirit of America," the Commonwealth reached out to the entire northeastern market, with dramatic results. According to a UMass estimate, consumer spending attributable to tourism rose 17 percent the first year; in sales and excise tax revenues, the state's investment paid off at more than 150 to 1.

In 1986, the campaign's third year, the state's overall tourism budget of \$9.4 million was more than four times the tourism budget of 1983, and it continued to be money well spent. A record 23 million people took trips in Massachusetts in 1986.

As important as the media campaign is the state's new partnership with her tourism industry. For the first time ever, Massachusetts is helping the operators of hotels, restaurants, and tourist attractions to market their products and not simply their regions. From the ski operators of the Berkshires to the whale watchers of the coast, from landmarks like Tanglewood to new performance facilities like Great Woods, the state is doing all it can to publicize the tourist businesses that can bring people to Massachusetts or keep them here.

We are also making every effort to coordinate our central campaign with other important state activities that generate tourist and convention business. For example, the "Spirit" campaign is part and parcel of the effort to rebuild and expand Boston's Hynes Convention Center; with proper marketing, Boston and her hospitality industry can expect to progress from the fifteenth-largest convention center in America to the fifth. It is to reap

these benefits that the Commonwealth is spending \$150 million dollars to finance the Hynes redevelopment.

Similarly, the "Spirit" campaign is linked closely to the efforts of the Massachusetts Port Authority to promote tourism and convention business in New England's gateway port. Boston's new World Trade Center has now been completed on once-decrepit MassPort property as a flagship for the exchange of Massachusetts ideas, products, and people with the rest of the world. The same can be said of the new Black Falcon Cruise Ship terminal which recently opened nearby.

The Commonwealth is investing in major tourism and convention attractions in other parts of the state. The new Basketball Hall of Fame in Springfield, a national tourism destination, was constructed with state funds. The development of a four-seasons resort at the base of the Commonwealth's Mount Greylock Reservation is a cornerstone of our strategy for revitalizing the Northern Berkshire economy.

We are investing in the long-awaited resumption of seasonal rail passenger service to Cape Cod, not only from Greater Boston, but for the first time in over two decades, from New York.

And in 1986 the Commonwealth pledged itself to a pair of investments which will make Worcester one of New England's most important convention, trade show, and entertainment centers--the expansion of seating at the Centrum and the conversion of historic Union Station, long a derelict eyesore, to a convention center, AMTRAK station, and northern terminus of the Blackstone Valley and Worcester Heritage State Parks.

But there is another side to the "Spirit of Massachusetts", and that is the attraction of tourists from within New England to the less traveled byways of our state. The Urban Heritage Parks are a key element in this strategy, and their promotion as civic and cultural gathering places is important component of the "Spirit" campaign. So is the state investment in local civic auditoriums and theaters. And so is the effort to develop more durable tourist economies in scenic "Target for Opportunity" regions like the Northern Tier, the Blackstone Valley, and Southeastern Massachusetts.

Our entire system of state parks and other public open spaces is a major attraction for tourism and conventions on both a national and regional scale. Starting with our "Spirit '85" campaign, we have made the appearance of our public spaces a key priority. Whether it is the removal of graffiti in our transit stations, the planting of flowers and clearing of brush on MDC parkways and state highways, the regular cleaning of our roads, or the quality of the signs in and around our state parks, we know that making Massachusetts a more beautiful place is important for us and an added attraction for our visitors.

CONCLUSION

In the rest of this century, Massachusetts can accomplish most if not all of its agenda to create genuine economic opportunity for her people. By the year 2000, our most viable mature industries can look back on a successful decade of retooling, and industries that we call "fledgling" in 1986 can be employing thousands.

Our city, town, and neighborhood centers can be rebuilt. Our agenda of priority transportation projects can be finished. The enormous undertaking of cleansing Boston Harbor and restoring her aging port and waterfront can be over.

Old mill towns and river valleys that are just starting to reestablish strong area economies today can be sound places again. Tourism and conventions can be thriving businesses, not just for Boston and the Cape but all over this most beautiful and historic of states.

Women and people of color can and will be full participants in the Massachusetts economy.

We have a good idea of what it will take to achieve these things, and we have made a good start. But they are all formidable challenges.

There are other challenges--very important ones--for which solutions are only beginning to emerge.

Can we find a way to train and retrain the men and women who will have to work in an economy that becomes more intellectually demanding every year?

Can we build on our initial successes to ensure a supply of decent, affordable housing for all of our people?

Can we bring down the barriers that keep too many of our fellow citizens from taking their place in the Massachusetts economy?

Can we improve on our present means of shaping development in our communities, our countryside, and our coastline to ensure that growth is of the highest environmental quality?

If we keep on working together--business and labor, campus and community, our people and their Commonwealth--the odds are that we can do all these things. In the coming years, as in recent years, the government of this state cannot and will not have all the answers or do all the work. On the contrary, most of the wisdom and most of the capability we have in Massachusetts resides with its people, in their families, their businesses, their communities, their schools.

What the Commonwealth can continue to provide is a way for people to come together, a standard around which to rally, a vision that comes from the people and which reflects the kind of Massachusetts they want. The Commonwealth can continue to nurture the opportunity to innovate, to bring opportunity to every citizen and community, and to preserve the opportunity to grow in the Massachusetts we love.

